The Third Factor of Production

A. J. OGILVY

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THE THIRD FACTOR OF PRODUCTION

And Other Essays

BY

A. J. OGILVY

WITH AN INTRODUCTORY NOTE BY

ALFRED RUSSEL WALLACE, D.C.L. (Oxon), F.R.S.

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ERRATA

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Page 7, line 14, *for* B and C *read* B or C
,, 19, ,, 19, *for* accept, the taxed *read* accept the tax,
,, 23, ,, 27, *for* ideality *read* ideally
,, 30, ,, 1, *omit* but
,, 34, ,, 28, *for* payments *read* payment
,, 38, ,, 32, *omit* because, *and* the
,, 39, ,, 12, *for* Saharas *read* Sahara
,, 41, ,, 11, *for* inertia *read* inertiæ
,, 53, ,, 26, *for* enjoyments *read* enjoyment
,, 63, ,, 24, *for* earnings *read* produce (twice)
,, 71, ,, 1, *for* comparatively *read* comparative
,, 92, ,, 29, *for* ½ *read* 1-8th
,, 96, ,, 20, *for* landlord's *read* landlords'
,, ,, ,, 32, *for* 1-10th, only *read* 1-10th only,
,, 119, ,, 23, *for* scythe *read* scythe (1888).
,, 145, ,, 2, *for* damages *read* damage
,, 163, ,, 26, *for* are *read* is
,, ,, ,, 27, *for* taught *read* sought
,, 174, *after title read* (Labour being the Creator of Capital and able to Create it in any Quantity that may be required)
,, 206, line 26, *for* beleagured *read* beleaguered
,, 227, ,, 6, *for* firm *read* firmly
,, 254, ,, 7, *for* Flürschëim *read* Flürscheim

INTRODUCTORY NOTE,

By Alfred R. Wallace,

President of the Land Nationalisation Society.

The author of this volume is a gentleman who has been long settled in Tasmania, and is a considerable landowner there; and the present work is founded upon personal observation in the Australian Colonies and also in England. It says much for his freedom from prejudice and independence of thought, that under these conditions he has arrived at conclusions which are practically identical with those of English land nationalisers as to the evil results of private property in land.

The lesson afforded by Tasmania is indeed very striking. It is by nature one of the most favoured countries in the world. It possesses a delightful climate, free from the extreme heats and long droughts of Australia; its soil is varied and fertile, its forests are magnificent, its streams numerous and overflowing; all the products of the temperate zone flourish there, while for fruit production it is unsurpassed; it has excellent main roads constructed by convicts long ago, with railroads and navigable rivers. Here would seem to be all the conditions requisite for the support of a large agricultural population in comfort and prosperity; in place of which we find a large proportion of the land still uncultivated, and instead of general happiness and well-being, universal complaining, as with us, of trade depressed, capital unemployed, farming unprofitable, and all kinds of labourers out of work.

In that portion of the volume dealing with land nationalisation, the author shows us clearly the cause of this state of things,

and what is still more important, he explodes one of the commonest fallacies of our opponents—that large farms lead to better cultivation and higher production than small farms or peasant-holdings. This part of his work is especially valuable, because he shows, as the results of observation and owing to the inevitable working of the law of self-interest, that the large owner or large tenant will often cultivate his land badly, or even leave much of it uncultivated, *because he obtains the largest net returns by doing so.* The peasant farmer, on the other hand, working a small area by the help of his own family, finds his profit in high culture and the maximum of production from the land. By the former system one man gets a large profit but small proportionate produce by employing say ten men on a large area of land; by the latter system twice that number of men work for themselves on the same area, produce double the amount of crops and stock, and live, all of them, in independence, and in that healthy enjoyment of life which a man obtains when he works freely upon the soil and knows that the whole produce of his labour is his own.

Other chapters deal with various problems of political economy, and especially of the currency; and although here the author cannot claim to speak with such practical experience as he possesses in regard to the land, yet he has claims on our attention as an original thinker and an acute reasoner, and as possessing the rare quality of expressing his views on some of the most intricate of these questions so clearly and forcibly as to render them intelligible to any careful reader.

I have therefore much pleasure in introducing these instructive and suggestive essays to the general public.

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THE
THIRD FACTOR OF PRODUCTION.

WEALTH.—By wealth is understood all those material utilities which Labour has produced or collected, and which minister to man's maintenance or enjoyment.

Economists (having the processes of exchange in view) have restricted the term to goods having an exchange value. But this arbitrary restriction injuriously limits the field of inquiry, shutting us off from many aspects of the subject which it is desirable for us to examine, and often leading us absolutely astray. The house, clothes, tools, live stock, and other accumulations of Robinson Crusoe constituted his wealth in the sense in which everyone in daily life understands the word; none the less that there being no one with whom he could exchange they had no exchange value. Similarly the macadamised highways, the bridges, docks, and public buildings of the State are as much a part of the wealth of the country, that is, have the same origin and fulfil the same purpose, as the railways, factories, and mansions in private hands; none the less that they have no exchange value, seeing that the State has no idea of disposing of them, and could hardly find a purchaser for some of them if it had.

What the world wants to know is the laws that govern the

production and distribution of *utilities*; of the things that minister to our comfort and enjoyment, no matter whether they have an exchange value or not. Where they have (as they generally have), a special field of inquiry (the field of exchange) is opened up; but the whole inquiry ought not to be limited to one particular part. However, the point will not much concern us, so we need not dwell upon it.

All wealth, whether we take it in its ordinary and broad sense or in its technical and restricted sense, is produced by human effort (usually called *Labour*) acting on the raw materials and forces of the earth, briefly expressed by the term *Land*, because they are all parts or properties or adjuncts of the land; the minerals that lie under the surface, the waters that flow over it, the fertility, accessibility, aspect, rainfall of any given piece of land being the elements or attributes that give that land its utility, just as the intelligence, knowledge, strength, activity of a labourer are the properties that alone make his labour worth having. Indeed, if you take away the attributes of anything from the thing itself, there is hardly anything left, for we know nothing of anything but by its attributes. Moreover, land itself, or the crust of the earth, is the most important, from the productive point of view, of all the gifts of nature, and the term Land conveniently covers them all; and every spontaneous product of the earth before labour has touched it, the trees of the forest, the fish of the sea, everything, in short, which is the pure and unassisted product of nature is included in the same term. I do not invent this comprehensive term. I take it from the Economists as I find it; but if anyone objects to it, he can substitute the term nature.

Labour.—By labour is understood human effort of every kind, mental or bodily, applied to useful purpose; to work, as distinguished from play; that is, to the production of some utility or to the acquisition (not indulgence) of some enjoyment.

The industry, skill, knowledge, judgment of the labourer, being reckoned as properties of his labour, are included in the term labourer, just as the fertility and so on of the land are included in the term land.

Land and labour thus broadly understood as nature and man's action upon it are the matter and force of industry, the two prime factors of production.

Instruments.—But man with his naked fingers could hardly satisfy a single want, certainly make no progress, no matter how favourable his surroundings. The savage could kill no game without a weapon of some kind which we may call his tool of trade; could not till the ground without a hoe, could not construct a dwelling without a stone axe or instrument of some sort; and with every step forward in improvement of his condition and development of his nature the number and complexity of his tools and appliances and the necessity for them will increase. The first act of labour then in every case will be to procure a tool. So indispensable to progress and even to existence are tools that they have been fairly called the third factor of production; though they are so only in a derivative sense, being themselves the product of labour acting on the materials and forces of the earth—that is, upon land.

The term Tools, however, is hardly comprehensive enough for our purpose, custom having restricted it to the simpler sort of appliances. We want a term that shall cover all appliances; that shall express the most complicated machine as well as the simplest tool, and that shall include those raw materials, themselves the product of labour, that labour works *on* as well as the tool it works *with*; that shall include the cloth for the coat as well as the needle, the plank as well as the hammer and nails; for these raw products of our industry, which we work up, are as much the instruments of production as the tools we work them up with; one is as necessary as the other,

and each is useful only as a means of producing something else. The term Instruments, then, is comprehensive enough to cover both, familiar enough to be in no danger of being misunderstood, and has not been appropriated for any technical purpose, so we shall adopt that term. Instruments, then, represent the third factor of production.

All the accumulated products which constitute wealth may be classified under two heads: products which minister directly to maintenance or enjoyment, as a loaf, a coat, a necklace, requiring no further labour to fit them for such use, and which, therefore, we shall call final products; and products whose function is not to minister directly to maintenance or enjoyment, but only as a tool with which, a material out of which, or a vehicle by means of which, we can procure the things that do, and which, therefore, we call instruments; as a spade, a roll of cloth, a cart. No doubt there are many articles which we might feel doubtful whether to classify as instruments or final products, and others again which may be changed at will from one category to the other, as when a carriage horse, bred and kept solely for enjoyments and therefore figuring as a final product, is set to draw a plough and so becomes an instrument. But these niceties do not affect the argument. What we want is not to make a classified catalogue of goods, but to clear our ideas; and all we are now concerned with is this, that all wealth consists of two classes of goods only—goods which represent the crown of labour and are fitted directly for enjoyments, which, therefore, we call final products, and goods whose use is only to produce other goods, and which, therefore we call instruments.

Any given article comes at any given moment under one or other of these two heads, no matter whether we feel sure under which head to place it, or whether we may find reason to change it from one category to the other.

The productive power of a community depends (*ceteris*

paribus) on the number and efficiency of the articles which it can use as instruments for the work it wants to do.

So far, I think, there is nothing new, nothing on which economists are not already pretty well agreed; and when they expressed this third factor of production by the term Capital, there can be little doubt that by capital they originally meant instruments, and nothing else.

And the word Capital would have done as well as any other for the purpose but for the fact—the fatal fact—that the usage of the world had already appropriated it to mean something that at first sight seems much the same thing, but which, as we shall see, is radically different, and in some aspects even absolutely opposed to it.

Ask a business man what he understands by Capital, and he will reply by an illustration; he will say that £1,000 is Capital.

He does not care what the £1,000 consists of. It may consist of coin, or of bank-notes, or of a mere entry to credit at a bank, or of goods, or mining scrip, or shares in a company, or debts due by solvent people, or of title deeds authorising him to exact rent from land, or Government debentures entitling him to draw on the general revenue. Whatever it is, so long as it can command £1,000 in cash, or goods, or services, it is to him £1,000, and £1,000 is Capital.

He knows, in short, exactly what he means by it, and he means *money*. Not money in the narrow and technical sense of coin of the realm, but *money power*, that general command of the market or purchasing power, of which coin is merely the outward and visible symbol and token of exchange.

To be recognised as a man of money, and to exercise money-power, a man need not have a sovereign, or a bale of goods in his possession. In the vast majority of cases his money consists in a mere claim; a claim on a bank, on a mine, on an estate, on the general revenue, on a private debtor. Indeed, when we look closely into it, it is *always* a claim.

Even when it consists of actual coin, that coin is only a metal ticket representing so much purchasing power free of further labour; just as a bank-note is a paper one, indicating that its possessor has rendered some service, real or imaginary, entitling him to draw to that amount on the general stock. Money, in short, in its broad, every-day commercial sense, represents (no matter what form it may assume) the power to secure services to a given extent, without rendering any service in return, by simply transferring the token (coin or note) when it is a token, or exhibiting the authority (title deed or debenture) when it is an authority.

Whosoever prospers in business does not convert his gains into coin to be hoarded, or into goods to be stored up, but into claims to be registered. A is owed something by B, C, and D. B pays him in currency (coin or notes), and A, by transferring these tokens, can get goods from anybody. C pays him by a cheque, which merely means that C had a previous claim on a bank, and now transfers that claim to A. D does not pay him at all, but gives an acknowledgment of indebtedness, and A keeps his claim hanging over him.

The claim in any given case may be morally good or bad. It may represent real services actually rendered, or it may represent impudent blackmail, or corrupt grant on the public treasury; but good or bad, so long as the law recognises it as a claim, the public recognises it as money; that is, as money-power, as that which constitutes the possessor a monied man.

But claims are not the third factor of production. They might all be obliterated by legal fiat; and though great injustice might be done, and the whole industrial system put out of joint for the moment, the working, productive power of the Community would not be impaired a whit.

The efforts that D makes, the land he works on, the materials he works up, the tools he works with, are none of them

more effective because A has a claim on the result. However justifiable it may be, however desirable in the public interest that it should be recognised, the claim, as a claim, adds nothing to the sum of enjoyment or production.

Whence we perceive that the greater part of what is called "Accumulated Capital" represents no accumulation at all; or (to put it differently) represents not accumulated goods but accumulated debts. For a claim and a debt are the same thing viewed from opposite sides.

A having by service rendered, or in some way or other become entitled to demand cash or goods from B, waives payment for the time being, and allows B (or someone else, C, to whom the debt is transferred) to consume the goods instead of receiving and consuming them himself; B and C having to provide such goods hereafter out of the future produce of his labour.

You may say that this amounts practically to an accumulation, because B, being relieved of payment of the goods, will employ them productively and produce them. But that is not certain. What is certain is that the goods are not really accumulated, but consumed just as much as if payment had been made, only they are consumed by B instead of by A, and what remains is a claim.

When to this accumulation of liabilities (figuring as "savings of capital") is added interest, we shall see that so far from assisting industry, it weighs upon it. Indeed it may happen, and very often does happen, that this waiving of present payment injures the debtor in the end much more than it relieves him in the present. The debt, light at first, accumulates till the weight becomes crushing; when one of two things happens: either the debtor is ruined by payment, or he goes bankrupt, and the whole "accumulation" disappears.

However I am not arguing that credit is a bad thing, but only illustrating my point that a great part of the so-called

accumulations of Capital are wholly imaginary; that is, that they are not accumulations of goods but of debts.

So far as to the business man's idea of Capital: he knows exactly what he means by it, and he means Money. But if you ask the Economist what he means by it, you get no such prompt and definite reply. You find, on the contrary, that no two economists mean the same thing; and further (if you look closely), you will find that no single economist ever keeps strictly to his own definition.

You will find, too, that these differences are not merely as to the best way of expressing the thing, but as to the very nature of the thing itself. Mill calls it—The fund for carrying on present production; Bonamy Price—Wealth employed to produce wealth; Senior—Whatever gives a profit; Perry says—It is either a commodity or a claim, but not personal powers; George calls it—Wealth in course of exchange; Giffen includes all accumulations under it, making no distinction between capital and other forms of wealth; Huxley includes under it the muscular force of the labourer, the food he eats, the grass of the field, anything and everything, in short, by aid of which man lives and works.

I was once at a dinner of the Political Economy Club in London, whereat was distributed a printed list of subjects for discussion, amongst which was, "What is Capital?"

Imagine a meeting of leading Mathematicians meeting to discuss "What is a right line?"

I suppose that if non-mathematicians heard of such a debate, they would conclude that if mathematicians were not yet agreed as to what a right line was, mathematics could hardly be worth studying. For a clear idea of a right line is not more necessary to mathematics than is to political economy a clear idea of capital, or, at any rate, of that third factor of production which economists profess to express by the term capital.

There seems no doubt that the economists meant at starting to signify by capital—*Instruments;* the tools, appliances, and materials with which man supplemented his naked fingers in the act of production, and without which his naked fingers would have helped him but little. They meant instruments as instruments, and not money; that is, if they included money it was only in a secondary sense, as that with which one could procure instruments. While the man of business, on the contrary, understands by it money as money and not instruments; that is, if he includes instruments it is only in a secondary sense, as that which one can sell for money, or by aid of which one can make money; money being that with which one can purchase the labour of others, or procure goods *already in existence;* while instruments are that by aid of which labour (one's own or another's) is made more efficient, and fresh goods are *brought into existence.*

The two ideas are not only different but directly opposed to each other, and are perpetually in conflict—a conflict which could have but one result. For as the clear and definite idea (that of the man of business) overpowers the obscure and variable (that of the contending economists); as the sense of the many in the market and the street overpowers the sense of the few in the closet, so in public life;—in the press, on the platform, the leaders of the public, addressing the public on public affairs, use the word (capital) in the sense in which the public understands the word, and the public understands it as money.

Moreover, the economist is himself a man of the world and a citizen before he is an economist, and as such uses the word, *must* use it continually in the common sense, till the distinction between the two becomes lost, or is remembered only to be forgotten the next minute; until again half conscious of his floundering, he tries to express himself so as to cover both meanings, to reconcile the irreconcilable. What confusion

and error have arisen from this we shall see as we proceed. The whole difficulty has arisen from undertaking to say that A shall mean B; that a word which universal custom has decreed shall mean money as money and not instruments, shall mean instruments as instruments and not money.

When Mill described the third factor of production as wealth devoted to productive purposes, he came very near the correct definition. Very near, but he just missed it and passed by. For, starting from the assumption that wealth is that only which has exchange value, and placing the distinction between capital and not capital in the mind of the capitalist and not in the nature of the article, and saying that anything which can be exchanged for other things is capable of contributing to production in the same degree as those other things, he clearly lost sight for the moment of the difference, the enormous difference, between production and profit-making; between absolute gain and relative gain; between the effect on the sum total of goods and enjoyments and the effect on the capitalist's pocket. He uses the word capital, as the business man avowedly does, to represent simply that with which a man proposes to enrich *himself*, not that by which wealth in the mass is to be increased.

Profit is no test of productiveness. It constantly happens that profit is made without adding anything to the sum total of goods and enjoyments; often by actually diminishing it. There are rings and monopolies of all kinds that make their profit by restricting output and so forcing up price. There are makers of gold trowels for laying foundation stones and other useless articles representing high value, and undertakers who use up useful timber and metal in funereal frippery to be straightway buried under ground, and countless others of the same type who make their profit by sheer waste of good materials. A hundred-guinea ball dress that will be used perhaps twice, and then discarded, represents rather a waste of a

hundred guineas than a production of it. On the other hand, there are businesses that bring no profit to the promoters, but yet are highly productive, though, unfortunately, the promoters do not often continue them long. The gentleman farmer, for example, who loses two or three hundred a year by what is called fancy-farming, is often putting his land to more productive use, adding more to the stock of goods and enjoyments than the shrewd tenant farmer alongside who is turning a good penny. He builds more substantial and commodious out-houses, he grows heavier crops, he raises better stock, and he does all this often at no greater *real* cost—that is, with no greater expenditure of labour and consumption of raw material—than the thrifty farmer, but only at greater *apparent* cost or relative—that is, with larger disbursement from his own pocket. But this disbursement represents neither waste of labour nor destruction of material. He pays higher wages to his men, he gives higher prices when he buys, does not drive such hard bargains when he sells, and hands to his overseer as salary that profit which the thrifty tenant keeps as his own overseer. All which means not that there has been no gain from his enterprise, but only that he has allowed his labourers, his customers, and his overseer to divide it among them instead of keeping it for himself. No doubt profit is a most influential factor in determining the course of industry, for capitalists generally will not long continue any course that brings no profit; but for all that, profit is a most delusive test of productiveness. Here is an example in which the influence of profit has diverted and continues to divert one of the most important industries from more to less productive lines.

A farmer employs habitually 10 men at 16s. a week to grow corn, spending thus (in round numbers) £400 a year, as wages, on which outlay he makes a profit of (say) 10 per cent. = £40. For simplicity's sake we leave out of account his other expenses, on which also we may assume him to make

10 per cent. The farmer gets back every year the whole of this £400, besides pocketing his £40. It is clear, then, that the labour of these men must produce from that land every year £440 of wealth, fresh wealth, in the shape of corn; £400 of which goes to them and £40 to their employer. If now the farmer sees his way by laying down his land in grass to get £50 only from it total in the shape of meat, employing his time in looking after his cattle instead of after his men, he will be the gainer by £10 a year. His interest then will be to clear all the labourers (with their families) off the land and lay it down to grass, the land henceforth producing only £50 worth of meat instead of £440 worth of corn. His interest, in short, will be to depopulate the area in his possession, and reduce the productiveness of the land to about one-ninth of what it was. This is the kind of thing that is now actually going on over the most fertile parts of Great Britain, and that has been carried in Ireland to such a pitch as to reduce the population from eight millions to less than five.

Interest.—What is interest? Interest, it will be said, is payment for the use of capital. But is all the payment that is made for use of capital, interest? Suppose I have a carriage,[1] and that a borrower hires it for a month and I charge for the use, is the whole of that charge interest?

1. The use to which the borrower will put it will take something out of it. Even if there is no outward appearance of wear and tear when it is returned, still it is certain there must have been wear and tear. The cart is a month nearer to its latter end. I charge something on this account; but it is not interest. I profit nothing by it. It is compensation for deterioration.

2. The borrower may never return my cart at all; he may sell it and bolt, or ruin it and go bankrupt. I charge some-

[1] Adapted from M. Flürschëim.

thing for this also; but it is again not interest but insurance against risk.

3. I may have built that cart, not to use nor to sell, but to let out for hire; and if I charge no more than will, after a series of hirings, recoup me for my labour in collecting the timber and iron and working them up into a cart, the charge I make is again not interest but reward of my labour; *i.e.*, wages.

4. I may have been on the point of using that cart myself when the borrower applied for it, and it will put me to inconvenience or loss to part with it just then. But if he makes it worth my while I may forego my expected profit or enjoyment. I charge then for that; but that again is not interest, but only compensation for a sacrifice. Interest is something over and above compensation. I am none the better off for the lending; I am only squared.

5. But if my cart is standing idle and likely to remain idle for a month, so that it will not hurt me to lend it, provided I am compensated for deterioration and insured against risk, and yet I do charge, over and above this, for the mere permission to use it, because I know that he is in want of a cart, and will pay rather than not have it; *that* is interest. This constant attempt of lenders to take advantage of the necessities of borrowers causes interest and its fluctuations.

If the number of idle carts increase, the number of borrowers and their eagerness to borrow remaining the same, it will be easier for them to get a cart somewhere, and they will therefore be able to get one on easier terms: the rate of interest will fall. Conversely, if the number of borrowers or their eagerness to borrow increase, either because the greater urgency of their work compels them to borrow, or because the increasing profit of carting tempts them to borrow, then the number of idle carts remaining the same, the lenders can exact more; the rate of interest will rise. Interest then

arises from the necessities of borrowers, and the tendency of the lender to take advantage of their necessities. The tendency may be quite right and proper; I am not going into the ethics of the question; but whether right or wrong, interest arises thus and in no other way.

If employment were so abundant, and labour so well paid that no one was under any necessity to borrow, interest would disappear. Every one being able to command not only the necessaries of life but its comforts by his own labour, would obtain them in that way rather than pay interest for using them before he had earned them, with the certainty of having to return them unimpaired when he *had* earned them; or if some were so improvident they would be so few, as compared with the amount of capital lying idle, that they would get the use of it for next to nothing.

But what do we mean by this capital on which interest is paid? Do we mean instruments or money? The famous law of indifference will show us.

THE LAW OF INDIFFERENCE.

This law is universally accepted, I believe, by economists. According to this law, as stated by Walker—"In regard to two portions of capital as yet uninvested, there is no reason why one should bear a higher rate of interest than the other"; and accordingly they both bear the same rate. Nothing can be clearer than that the Economist is here adopting the very meaning he repudiates; that by "Capital" he means, as the man in the street means, money and not instruments; and money not as coin but as money-power—as the bank balance or other registered claim that *commands* the coin or goods

already in existence and produced by other people, not the productive tool that helps to bring fresh coin or goods into existence. And his "Capitalist" is the mere "Fat Man" of the Socialist, who, producing nothing, supplying nothing, can live without work on the rent, interest, or dividends produced by other people. If capital means money, or if my capital happens to consist of money, then the law of indifference applies absolutely. But if my capital consists of the actual instruments of production (as most economists now and then say that it does) the law of indifference does not apply to it at all. For I must get my profit or interest out of these instruments in one or other of two ways; either by using them myself, or by lending or selling them to people who do want to use them. If I propose to use them myself, it is obviously not a matter of indifference but of the greatest consequence what these instruments consist of, and how they are to be used. "Of two portions as yet uninvested" (unused), one may bring in a much greater return than the other. It makes all the difference to one situated as I am, on a farm, in a factory, or on board ship, whether my instruments consist of ploughs, spinning machines, or ropes and sails; whether they are clumsy and antiquated, or up-to-date in all improvements; whether they are in good order or bad; whether I and my men know how to use them properly or not. The returns I shall get from this "capital" will depend entirely on the desirability of the work I undertake, on the suitability of the instruments for that work, and on my judgment in using them. It will be uncertain and variable in the highest degree. The law of indifference has no application. If on the other hand I want to make my profit, not by using these instruments myself, but by selling them or hiring them out, then, indeed, it will make no difference to me whether they are of great or of little utility, or of no utility at all; whether they consist of cutlery, which is of great utility; of toothpicks, which are of little utility; or of Hindoo idols,

which are of no utility; so long as people want to buy or hire them. But whether people will want to buy or hire them will depend on the work they want to do, and on whether my instruments are suitable for that work; or whether they are good or bad of their kind; or whether they are plentiful or scarce; in short, on a multitude of conditions which will vary so much that some of my instruments will bring me in a high return, some only a little, and some nothing at all. All depends on the demand for the particular instruments I happen to possess; and the reason why this demand is of such importance to me is that the greater demand the more *money* they will fetch. Till I have converted my "Capital" from instruments into money, the Law of Indifference does not apply. The instruments as instruments will bring me no definite and foreseeable return for my outlay. It is uncertain what I can get for them on sale, and still more uncertain what I could get for them on hire; most uncertain of all what I could get by use. But directly I have converted them into money, the law of indifference applies to my money in full force. For money (general purchasing power) is the same obviously all round. The purchasing power of my pound (whether embodied in a sovereign or simply recognised as a claim at the bank) is exactly the same as that of everybody else's pound. For the use of that, then, I can get exactly what everybody else can get; the current rate of interest, according to the law of indifference. But directly I re-convert my pound into actual instruments, the law of indifference fails again, and I must take my chance of my return.

The law of indifference, in short, applies solely to money; meaning by that word, remember, always money in the ordinary business sense of coin, paper, balance to credit, anything which represents a negotiable claim or general power of commanding goods and services; money power, in short.

You may say that what I really want at bottom is goods, and

not money. But that is not what I want. That is what I may want hereafter, but what I want now is money.

No one wants to realise all his gains immediately in goods. He does not want to lumber up his premises with a mass of articles that he will not want for months, perhaps for years; and of which many are inherently perishable, all liable to accidental destruction, and some at least, which, when the time comes, would be found to be not what he wanted, and would have to be got rid of.

No! What he wants is something that will represent a *deferred claim* of a general nature upon the world's stock of goods, and that something, no matter what exact shape it may assume, is money.

But money, whether we consider it as coin, as paper, as bank credit, or as the deferred claim which coin, paper, or credit represents, is not the Third Factor of Production.

Coin, paper, credit, and claim might all disappear, yet the facilities for production remain unimpaired.

Whence again we see that the economists, misled by the adoption of a word to mean one thing, while universal custom had already appropriated it to mean something else, have got confused between the two meanings, and after declaring that capital meant instruments, and not money, have come without knowing it to mean money, and not instruments.

THE DISTINCTION IN THE MIND OF THE CAPITALIST.

As to the distinction being in the mind of the Capitalist, this is true only in a certain sense, and to a very limited extent.

A man, for instance, may use his chaise cart for useful work

in conveying food to market, in which case it figures as an instrument; or he may use it for mere enjoyment in driving about, in which case it figures as a final product. But the number of articles that can be applied indifferently as instruments or final products is not very great.

In the great mass of goods their use is determined by their nature and structure, and not by the mind of their possessor; or, if you prefer it, the mind of their possessor is determined by their nature and structure.

A wheelbarrow, for instance, is of no use except as an instrument of work to transport materials; while a sofa can only be used for enjoyment to recline upon. Therefore, in any estimate of the facilities for productive work of a community, the wheelbarrow will figure as an available instrument, and the sofa will not count at all; while in an estimate of their facilities for direct enjoyment, the sofa will figure, and the wheelbarrow will not count at all.

The man who holds the sofas may be an upholsterer, and hold them only for sale, never reclining upon them; but whether for sale or use, they are fit for reclining on only, whether they are being actually reclined upon or not.

It is argued that a sofa for sale is not a final product. Production is not complete till the finished article is in the hands of the consumer, and not a single act of preparation or transport remains to do.

The point seems hardly worth discussing, because, as I have said, the main thing is to realise that every article is either an instrument or a final product. It does not greatly matter in which division you place some given doubtful article. But in case anyone should think it of importance, I would remark that the objection is theoretically right, practically wrong; because, in the useful application of theoretical principles, a sufficient approximation is often better than rigid exactitude. For example, everyone will recognise a loaf of bread and a pat

of butter when placed on the consumer's table as final products, notwithstanding he knows that neither of them will be eaten till a further effort has been expended on them ; that is, that the loaf will be first cut into slices, and the butter spread upon it.

In the same way a sofa once delivered in the *locality* where it is wanted, even though not sold, is for all practical purposes a final product, in that henceforth it is fitted for enjoyment only, and cannot be applied to any productive use.

TRANSFERABILITY OF TAXES ON CAPITAL.

It is said that taxes on capital are transferable. Taxes on land are not.

Taxes on capital are said to be transferable because capital is portable. If a tax is levied on capital, the capitalist at once passes it on to the borrower in increased interest, saying, I want the current rate of interest, and if I can't get it here, I will take my capital elsewhere where it is not taxed.

This is what they call "driving capital out of the country." If the borrower refuses to accept, the taxed capital begins to flow out of the country till it becomes so appreciably scarce that interest rises, and the borrower *has* to pay the tax.

But this idea of the portability of capital evidently rests on the assumption that capital signifies money. If a man's capital is invested in the shape of a deposit at the bank, or a mortgage on land, in a mere claim, in short, representing money power, he can withdraw it at a word, and transfer it by bill of exchange to the utmost parts of the earth for the mere cost of a stamp. If it consists of a bag of sovereigns, he can withdraw it nearly as easily.

But if capital means instruments, it can be rarely withdrawn in this easy and airy way. It depends on what sort of instruments I have when the tax is levied.

If my capital, estimated at say £5,000, consists of a ship, I can, of course, weigh anchor and evade the tax. But if it consists of a warehouse, I cannot weigh anchor with that. Neither can I evade the tax by selling my warehouse, turning it into gold, and departing with that; for the warehouse not being portable the tax sticks to it, and the buyer, knowing this, will give me just so much the less for it. So even if I realise and depart, I shall not have evaded the tax. Indeed, when we come to consider it, capital, except when already converted into money, is portable only to a very limited extent.

A large part of the capital represented by instruments of production consists of fixtures, and cannot be moved at all. Another part consists of articles so fragile, perishable, or bulky, that they cannot be moved except at great cost and risk; and another part consists of articles which, though much wanted where they are, would be little wanted elsewhere, either because they would be of no use there, or because they are so abundant there, or so easily procurable that they would not be worth moving, even at small cost. A part, again, consists of live stock; and to remove large flocks of sheep from the interior to the coast, and from the coast across seas, would be so ruinous that their owners would pay almost any tax, or even abandon their flocks rather than attempt their removal.

The doctrine, then, of the transferability of taxes on capital is accepted by the man of business only, because he means by capital, money—money as money, not instruments as instruments—and the economist teaches it because he really means the same thing, though he is not conscious of it.

Well, but it will again be said: "When all is said and done, money at bottom means instruments."

No. It is quite a different thing, though like other different things, the two often get mixed together, or convertible one into another, to outward appearance, at least. Money will buy instruments, and instruments will fetch money, but the two things are in their nature essentially different.

Money is that by means of which I can obtain goods already existing in other people's possession. Instruments are that by means of which I can increase the sum total of goods.

The money power of a rich man does not indicate any aid, actual or potential, to industry. His money merely indicates a claim on, or command over, the goods or services of other people; a claim sometimes just and reasonable, sometimes indefensible and outrageous, but within the sanction of the law.

The wealth (or money power) of some Irish landlords, for instance (I select them because, in their case, it is most clearly seen), consists solely in a claim on the yearly produce of their tenants; a claim founded on no shadow of service rendered to them, or to be rendered, on no work done for them, on no instruments supplied to them, on no money lent to them; a claim based solely on their ownership of the land, by which they are enabled to say, "Rent or Eviction," equivalent to "Stand and deliver: your money or your life." And yet this claim, the claim itself, mind, as distinguished from any particular pigs or potatoes which may have been exacted as rent, is a negotiable article, and therefore in the commercial world represents capital. Such a "capital," however, is obviously no part of the Third Factor of Production. So far from assisting industry, it despoils and paralyses it.

On the other hand, instruments, as instruments, do represent this third factor, and do so equally, whether they have a money value or not.

The pointed stick with which the bushman digs up wild roots, which, if broken, he can replace in a minute, and which

has no exchange value, even among his own tribe, is a most potent third factor in his industrial life. He could not get on without it. It is to him what the spade is to the Irish cotter, what the theodolite is to the surveyor, what the ship is to the mariner.

Whether the instruments with which we do our work be rudely simple or ingeniously complicated, whether they cost much labour to produce or can be picked up anywhere, whether they have an exchange value or not matters nothing. Their worth and efficiency as a third factor of production depends entirely on their nature and use; and no intellectual thimble-rig of exchange can alter the fact.

"Nothing," says the economist, "can be considered as capital, which, being eliminated, leaves the sum total of capital unimpaired. For example, a cheque is not capital; a sovereign is."

The proposition is undisputed; but, as to the example, I beg to differ. A cheque represents capital exactly as a sovereign does, equally so whether we consider capital as money or as instruments.

A. as money. A cheque for £1, so long as the signature is good, will command 20 shillings' worth of goods as readily as will a sovereign.

B. as instruments. The cheque fulfils precisely the same function that the sovereign does, *viz.*, as a token representing a deferred claim, or power to draw upon the general stock of goods.

Sovereign and cheque alike are useless in themselves; alike are useful only to exchange away for real utilities, and alike command the same quantity of those utilities. If the cheque were as costly to produce as the sovereign, everyone would recognise it to be capital, exactly as is the sovereign. The only difference between the two (so far as we are concerned at present) is that the one can be replaced at a cost so trifling as

to be counted nil, while the other will cost its own nominal value to reproduce. But this facility of production in the cheque does not detract from its efficiency as an instrument; on the contrary, it enhances it. Spades and steam engines would be much more efficient aids to production, that is, would contribute a much greater net increase to production if they could be produced as easily as cheques. For the gain to industry due to any given instrument may be measured by the gross increase due to its use, less the cost of producing it.

Say it would take 100 men 12 months to excavate a given length of canal with picks and shovels, which they have already got, while they could do it in 9 months with a steam excavator, but it would take them (or 100 other men) a month to make the excavator. Then the gain due to the excavator would be 3 months less 1 month = 2 months; while, if the excavator could be produced as easily as a cheque, the gain would be the whole 3 months without any deduction. The smaller the cost then of producing any instrument, the greater the gain due to its use.

MEDIUM OF EXCHANGE.

Money in its concrete form of coin, cheques, notes, is said to be the medium of exchange. It is rather a contrivance for deferring the completion of exchange.

If I exchange £100 worth of grain for £100 worth of cloth, the money is not wanted. The two commodities change hands, and there is an end of the matter. The money only comes in ideality, as a measure of value. But if I want to throw my grain into the general stock, thus getting rid of the trouble and risk of keeping it, and do not want cloth or anything else in

particular just then, but do want some token to hold good my claim for a deferred exchange of £100 value of goods of some sort, then I take money—coins or a cheque, I don't care which. The matter stands thus:—

A community that uses coins for exchange instead of resorting to tedious barter, and still more, a community that uses cheques instead of coins, effects a great saving of labour, just as a savage, who uses a pointed stick for digging up roots instead of grubbing them up with his finger nails, effects a great saving of labour.

Cheque and stick alike are thus most efficient instruments of production—represent most effectively that third factor by which labour achieves its results, and do so none the less but much the more in that if either of them be destroyed, it can be reproduced without difficulty and without cost.

THE "TYRANNY" OF CAPITAL.

Capital has been described as that by which I can command the services of others. How far is this correct?

If capital means money, then it gives its owner power over *goods*, but not over men. If it means instruments, then it gives its owner power over *nature*, but not over men.

Capital as Money.—If I have £100, that £100 will command £100 worth of goods if their owner chooses to sell them; but it cannot compel him to sell them. If he chooses to sell them, then, indeed, my money commands his goods, but so also do his goods command my money. It is an exchange on equal terms. Neither party has any command over the other.

So also with services as with goods.

Capital as Instruments.—Let A with a team of horses and full supply of instruments settle alongside B, who has only a spade; each having as much land as he can cultivate. Then A's superior appliances will give him a greater command over nature (enabling him to get a greater return from the soil to the same labour), but it gives him no power over B. Say that A can put in 100 acres with one ploughing, getting 20 bushels to the acre = 2,000 bushels, while B can only put in 5 acres with one digging, getting 40 bushels to the acre = 200 bushels. This will be all the better for A, but none the worse for B. B gets no less from his 5 acres, because A gets more from his 100. If B could do fairly well on his 5 acres before A came to settle beside him, he can do even better now, for when two men settle beside each other (especially when they have different appliances), exchange of services results to their mutual benefit. A with his team can cart for B when he is not using his team himself; and B with his spade can open out A's drains, or set his garden in order, when he is not digging for himself. Exchanges of this kind are so advantageous that they soon become habitual, so that each comes to rely on the other for certain services, and a mutual dependence ensues; but it is a purely voluntary, not a compulsory, dependence on both sides. We are supposing that both grow grain. But the quantity of grain required is limited, and its price is fixed by supply and demand. Say, then, that A's superior appliances enable him to grow all the grain that is wanted, and to undersell B, so that B is driven out of the market. Out of *that* market, yes—the grain market; but out of that only. The very fact that A takes to supplying the whole grain market precludes him from occupying the other markets, the whole range of which remain open to B to produce what he fancies and is best fitted for. Besides, market or no market, B has his family to feed, and it will always pay him to grow food enough for that, no matter how cheap food may be, rather than stand idle, earning

nothing to buy food with. But having land he can always find something to produce that somebody else wants. Even if there be no actual land-produce that seems to him worth producing for sale, there are always goods to make that somebody will be glad to buy, or services to render that somebody will be glad to hire. His home and his food supply being secure, he is independent. For even under the extreme and absurd supposition that he can find nothing to produce or to do that anybody else wants, he can always employ himself: he can always find something useful to do on his own account to multiply his comforts, or add to his enjoyment in some way, *so long as he has access to land.* But if he has *not* access to land—if A claims all the land, and will not allow him to occupy—then is his freedom gone indeed; he is at A's mercy. He must get work from A (or from somebody) on *any* terms, or die. Without the first factor (land) the second factor (his labour) is paralysed, and the third factor (his spade) is useless.

If a labourer is out of employment and destitute, anyone who offers him the opportunity to work can, in return, exact the whole produce of his labour beyond bare subsistence. Suppose this person to be one with appliances of industry at his command, say raw cotton and spinning machinery; such a one would be called a capitalist.

It does not matter whether there be only one destitute, or whether there be thousands, the result is the same. If there be more than one, the capitalist can avoid the appearance of oppressive extortion, and salve his conscience by going through the farce of offering the employment to competition, saying he will be content to accept what is finally offered. The destitute will, of course, run each other down to this one chance of life, till wages come down to bare subsistence, and the capitalist can then declare that it was the labourer himself who *offered* to work on these terms, and not he who compelled him. This is

the famous "freedom of contract" that we hear so much about.

But he can get the labourer on these terms just as easily if there be only one labourer, for the man is helpless, and must take what he can get. The land being closed to him, he has no alternative but hired employment on *any* terms.

Practically, in Great Britain wages generally are not forced down to quite this minimum, because trade unions, customs, public opinion, and other influences come into play. But we may dismiss these complications.

Given one man, destitute and landless, with no trade union to back him up, no custom or public opinion to befriend him, and the capitalist can get him on any terms he likes to name.

It is not, however, the capitalist's possession of the instruments of production that gives him this power (not even if we include food among them); for the man who offers this opportunity to work may possess neither appliances nor food. He may own only a certain portion of the earth's surface.

He may say to the labourer, "This moor or this river is mine, and I will give you leave to snare rabbits or catch fish, but only on condition that you give me two fish or two rabbits for every one you catch for yourself." Or he may say: "This garden plot or this quarry is mine, and I will give you leave to grow cabbages or hew stone, but only on condition that you give me so many cabbages or so much hewn stone." Or he may say, "I have got a contract to convey goods from a place where they are worth 20s. to a place where they are worth 30s., and you may carry them for me, but only on condition that of the 10s. increased value which your labour has created you are to receive half only, and I am to keep the other half as my profit for allowing or employing you to work."

It is clear that the labourer would not consent to such terms, would not sacrifice his independence and exhaust himself at work in which he felt no interest, by which he could only just

live, and at which he could have no hope of bettering his condition, if the soil were open to him to cultivate, the quarries to hew stone, the moors to hunt, or the rivers to fish, or, in short, if the countless natural facilities for employment which the land offers were not closed to him, by which, even in the rare case where he could win nothing more than bare subsistence (a case that does not really happen even amongst the lowest savages in the worst surroundings), he would at any rate be a free man, feel an interest in his work, and cherish, at least, the *hope* of ultimately bettering his condition.

It is not, then, the possession of the instruments of production that gives the one man power over the other, but the denial of that natural alternative to hired employment that the land offers. What the labourer wants, what he must have, is the opportunity to work, which at present he must pay for with his heart's blood, so to speak. Whether he pays for it [for this mere opportunity] in the shape of rent to a landlord, or by producing goods under the direction of an employer, on the condition that these goods are to belong, not to him who produces them, but to the employer, matters nothing. The thing that concerns us here is that it is not the possession of appliances by an employer, but the denial of access to land by a landlord that throws the labourer at the feet of capital; that capital which, no matter what precise form it may assume, or what the economist may declare, is what the world at large understands to mean money, and what the economist himself constantly means without knowing it.

CAPITAL AS ORIGINATING ENTERPRISE.

Yet there is a mysterious something which appears to be wanted, under present conditions, before any great work can be undertaken; which mysterious something goes by the name of Capital, and turns out to be money.

Take our vast mineral fields in Tasmania. The only two factors required to develop these resources are labour and the instruments of production. To say that food also is wanted is only to say that while one body of men are working at the mines, another body of men must be producing food for them, so that it comes to labour and instruments after all. Counting food too, however, as one of the factors wanted, and wanted at once, all are present already; and if they were not, "Capital" itself could do nothing. Yet somehow the active and passive factors—the labour and the requirements of labour—do not come together, and the work hangs fire till a big capitalist appears upon the scene, when the enterprise starts at once. How is this? What has the capitalist supplied?

The labourers he employs were all present already and willing to work: the food with which he is to feed them existed already in abundance, in granaries, in storehouses, in grocers' shops; besides what was coming in daily in the shape of sheep being fattened into mutton, vegetables being grown and gathered, butter being churned, eggs being laid, and so on. The tools again with which he is to equip them were, many of them, already in the labourers' hands, while vast reserves were in the shops and warehouses awaiting sale, in back-yards lying unused, and more were being constantly turned out from the factory or imported in the ordinary course of business. Every material factor for the work was either already in existence in the country and available for use, or was procurable when

wanted, as the work went on; but the capitalist supplied none of these things, but only drew upon the supplies in other people's hands. What then *did* he supply?

To answer this, we must go back a step and recapitulate.

What, once more, is capital? Not that vague, indefinite capital which the economist evolves, as the German philosopher evolved the camel, out of his "moral consciousness," and which some economists define one way, some another, and no two alike; but that capital which everybody talks about in daily life, which is applied for in prospectuses, which floats enterprise, which the needy borrow, and which brings interest.

It is money. Ask any man in business whether he would rather have capital or money, and he will laugh at your question. He will reply, "They are the same thing."

Moreover, whether he lends or borrows he will not care in what shape it comes, gold or notes, mortgages, debentures, railway shares, mining scrip, so long as it is immediately convertible to the one use for which he wants it—purchasing power; the command of the goods and services of other people.

Purchasing power—that is its distinguishing property; but what is the thing itself, essentially?

The way to find out is not to sit down and theorise about it, but to go to the capitalist and look into his pocket, so to speak.

You will find that as to actual goods he often has little more than the clothes on his back and in his wardrobe, and a little loose cash in his purse. As likely as not, he rents his house, he hires his conveyance, he buys his provisions and luxuries from day to day, or from week to week. But behind all this, he has *claims*—claims on the daily earnings of other people. Sometimes these claims are legitimate and just, representing past service rendered; sometimes they are extortionate and preposterous, but be they one or the other, they are mere claims now; airy, unsubstantial claims, adding

not a fraction to the sum total of enjoyment or production, but whose grasp is far-reaching and whose power tremendous, and by virtue of which he can live without labour on the labour of other people.

Not only are they mere claims in themselves, but they are in great part claims resting upon claims; the shadow of a shade; the effect of a cause long since passed away, and that often had no more substantial basis than the existing claim.

The bank on which our capitalist draws interest from deposit generally never saw the colour of his money. What he deposited was cheques, bills, title-deeds—transfers of the claims of other people. The fortune he inherits is generally of a similar nature. Has he a lien on a factory, a railway, a mine, or a commercial firm? All this means that other people produce goods, convey passengers, extract minerals, buy and sell; the hands that labour, the brains that devise, the eyes that superintend are not his, but he *claims* a share of the profit.

"Well," it may be said, "it comes after all to this, that he, the capitalist, is the real practical owner of the funds in the bank where he has shares, of the farm on which he has a mortgage, of the business on which he has a lien, and the banker, the farmer, the business man are really if not technically his agents, using his instruments for his profit."

You may say this, of course, if you like, but I submit that it is straining words out of their ordinary meaning, and getting an incorrect view of the substantial facts. For the capital that he originally advanced, if it consisted of goods, has long ago been consumed and used up; if it consisted of money, has long ago disappeared and been lost in the general circulation, and all that remains to him is a *claim* on the earnings of the people to whom he made the advance. The produce out of which his interest is to come, out of which the advance is to be ultimately

repaid, is a new creation, the fruits of the borrower's, or some other person's labour.

Even if the claim always represented a real contribution in the past, it does not follow (as is too hastily assumed) that this contribution survives perennially, *in any shape*, to swell the sum total of accumulations. Much has been consumed in self-indulgence; much has been wasted through carelessness and bad management; much, invested judiciously and tended carefully, has come to naught through unforeseen accident by the "fortune of war"; but the claim lives on.

No doubt there are failures in business continually occurring, culminating in bankruptcy by which claims are being wiped out, but the claimants, as claimants, lose less than the struggling workers who are wound up. While the workers lose everything, the claimants generally save a good deal from the wreck, for in the winding up the claims come first.

I do not complain that it is so. Let just debts be paid by all means. I am only pointing out how largely so-called accumulations resolve themselves into claims, and how these claims multiply and persist figuring as increase of capital which is supposed to support and carry on industry, while, in fact, it only drains it.

Much, however, an enormous part, of these claims never originated in any real contribution at all; never represented materials supplied, work done, or service rendered of any kind, but arose simply out of demands made by some privileged person for mere permission granted to a worker to work somewhere, to a traveller to pass somewhere, to an individual to be somewhere; and these preposterous claims have by transfer, by amalgamation, by lapse of time become so inextricably interwoven with claims based on real service rendered, that there is no disentangling them in the mass of floating so-called capital.

Here, for instance, is a capitalist, the recognised possessor

of £10,000. Who, in most cases, knows, or who in the business would care to know, how this £10,000 grew up? How much of it came by inheritance from a dim past of lands, or goods, or claims, or privileges, having a money value; how much from interest, how much from rent (both representing mere claims on other people's labour), and how much from work actually done by the possessor?

All that the world knows is that he has £10,000, and the whole commercial world unanimously recognises this £10,000 as capital, no matter what shape it assumes.

The economist says, they are all wrong; that mere claims are not capital. He might as well tell the nautical world that a three-masted square-rigged vessel is not a ship. For capital is a commercial term just as a ship is a nautical term, and the meaning of words is determined not by the fiat of closet philosophers or by their derivation, but by custom, the custom of the people who habitually use them; and the philosopher himself, so great is the power of custom, must and does use them in the customary sense despite all his protests to the contrary.

It is the plague of Political Economy that almost every fresh writer begins by taking some accepted term and declaring that it does not mean what everybody else understands it to mean, but something else that he thinks it ought to mean, and so starts a fresh vocabulary till they are all at cross-purposes, and no students know certainly what any term means.

Who can wonder that the ordinary clear-headed man of business does not trouble himself much about Political Economy, or care what it teaches?

Labour is the active factor that produces all wealth. No doubt the forces of nature take a very active part, in one sense, in production, but they do not of themselves produce wealth. The rain might fall and the sun shine, but unless labour prepared the soil and sowed the seed there would be no crop. Even if the crops grew spontaneously, unless labour gathered

the harvest and prepared the grain there would be no food. It is man's labour alone that turns these natural forces to man's use, and so produces wealth.

See what a multitude and variety of efforts go to the production of a loaf of bread. Some men are felling timber, some extracting iron, some working these up into tools; some using these tools to cultivate, to harvest, to grind, to bake; and an innumerable host, as great as all these put together, are simply shifting materials to and fro; from the forest and the mine to the factory, from the factory to the farm, to the mill, to the bakery, to the consumer; and behind these more still, making roads, building ships, keeping accounts, disseminating information, preserving order.

At every step there is an increment added, a profit made, and on every profit descends the dead hand and claims a portion; the hand of somebody whose ancestors acquired the title to the land, or who lent money, or left the money to lend, or who acquired some right of taking something, which has become a "vested right"; and so the claims roll up and roll on and overspread the land, till the labourer, whose toil produces everything, receives so little that, besides having to buy somebody's permission to work on any particular spot, he must borrow, and in so doing, create fresh claims against himself.

Rent and interest differ in many important respects, but they are alike in these two: that they represent no work done by the claimant, but only permission accorded to somebody to use something; and that they can be handed down from generation to generation, while payments for active service rendered, once made is done with, and cannot be claimed again. (The original capital lent may have represented actual work done by its possessor, but the interest demanded for its use does not.)

Rent and interest both grow continually, but in different ways; one by intension, the other by extension. All the land

is owned and all bears rent, therefore the quantity of land bearing rent cannot increase, but the rate of rent rises ever.

Interest grows in the opposite way. The rate of interest does not rise, but rather falls, but the amount of (reputed) capital to which interest attaches increases continually; so that the sum total of rent and the sum total of interest grow together, and together they weigh upon industry like a nightmare.

Now we can see why capital seems necessary to start enterprise. It is not capital itself, but capital's consent that is required.

Capital—not the indefinable abstraction on which economists alone agree, and agree only to differ—but the capital of real life; the capital that everybody recognises and understands and wants, and that bears interest; the capital by aid of which one man controls enterprise, and for want of which another fails; the capital at whose call labourers assemble, and the instruments of production are brought forth; this capital consists of claims only, and therefore it supplies nothing, it only takes; but it is ever ready, on sufficient inducements and for its own profit, to apply what it takes to new and speculative enterprise.

If this capital were to disappear, claims cease, and the workers reap the full fruits of their work, they would themselves start all the enterprises that were wanted without difficulty and without delay.

We have now gone pretty fully into the essential difference between instruments and money. We have seen what confusion and error have resulted from the adoption by economists of the term *capital* to express the Third Factor of Production, and we have found that this third factor consists of *Instruments;* an instrument signifying anything, the product of labour, which does not directly afford enjoyment, but only helps us to procure the things that do; something which is

useful not in itself but only in assisting us in producing, transporting, or improving the things that are enjoyable in themselves.

We are now in a position to affirm certain clear, broad principles concerning this Third Factor.

1.—Nothing can be included under this head: nothing can be regarded as an instrument, as that which facilitates production, unless it is of such use directly *and in itself*, and not vicariously, by exchange. This sounds rank heresy, as Mill and all the economists plainly declare the contrary. Still it has only to be put plainly, I think, to be seen at once to be true.

In a tribe of savages who live by the chase, their weapons (which we shall represent by a spear) constitute their third factor of production; and their capacity for maintaining themselves and for accumulating those comforts which the hides, bones, sinews, and so on of their game supply, will depend (*ceteris paribus*) on the number and excellence of their spears up to the point at which there are as many spears as are wanted. While their capacity for direct enjoyment will depend (*c. p.*) on the number and excellence of their articles of comfort and enjoyment (which we shall represent by a shell-necklace). No multiplication of shell-necklaces will add an iota to the tribe's capacity for production; not even though division of labour and exchange go on, so that a necklace will exchange for a spear.

True, that by such exchange the man who had an industrially useless necklace has now got an industrially useful spear and so can go out hunting; but the man who had an industrially useful spear has now got only an industrially useless necklace: and though the man who bought the necklace may have had two spears, so that he still has one (which is all that he wants), after parting with the other, so that there are now spears enough to go all round, still this suffi-

ciency for all is due not to the one man for having made a necklace, but to the other man for having made two spears.

Exchange or no exchange, the productive power of the tribe, their capacity to kill the game that supplies their food, their clothing, and their other requirements, depends entirely on their weapons, not at all on their ornaments. Exchange does not alter the nature of the thing exchanged, and a spear remains an instrument (something of use only to procure something else), and a necklace remains a final product (something of use only for enjoyment), no matter who possesses it.

But the economist, misled by that fatal word *capital*, counts as this capital (which he declares to be the third factor of production), the necklace equally with the spear, because the one exchanges for the other. He counts (rising to higher levels) all the silk dresses and velvet hangings, the jewellery and pictures of a wealthy community, as this third factor under the name of capital, not because some of these goods are in an unfinished state, and therefore still in the stage of instruments, but because finished or unfinished, they can be exchanged for money, and with money you can command all things.

But final products, such as these, no matter how great their money value, no matter whether held for personal use or for sale, no matter how useful the goods they may exchange for, no more assist the productive power of the community that possesses them than did the shell-necklaces of the savage tribe help them to kill game.

2.—Production not Limited by Instruments.—We are told constantly that production is limited by capital; that labour is unemployed, natural resources remain undeveloped, progress ceases, in this or that region for want of capital.

That *population* is limited by *food* is obvious enough. Man cannot exist without food, procured or procurable, from day to day. But that single requisite being assured, there is nothing

in the nature of things to prevent him from doing useful work. If he has not a tool of some sort, his first step will be to procure one, and he can always procure it. If he cannot find useful work, it is always because somebody forbids him, and not because there is none that he can do.

The savage rises at daybreak, and breakfastless goes forth to seek his breakfast. His first step is to procure a tool, a club to kill some animal, or a pointed stick to dig up roots. The meat or the roots being provided, he is free to apply his labour to the satisfaction of his other wants.

The London casual worker also rises breakfastless, and goes forth to seek his breakfast. He has not to kill game or dig up roots, not only because there are no wild beasts or roots within reach, but also because there are meats and vegetables already procured all around him, but owned by other people, to whom he must render some service before he can get his share. Nor has he to find or fashion a tool for himself, because the appliances of industry also exist in profusion all around him, and his employer, if he can find one, will supply him with tools.

He has to earn his breakfast instead of capturing it, and if he cannot do so it is not because the needful instruments are non-existent or out of reach, or all in use, but because the existing conditions of society are such that, while the rich have a superabundance of good things, the poor may neither partake of this superabundance, *nor yet produce an abundance for themselves*, without their permission, a permission often very hard to obtain. In other words, because the rich have command not only over the products of labour, but over the natural opportunities of labour, and have closed them against the poor. Food, fuel, bricks, hewn stone, and metals of all kinds are wanted in all directions, and people in all directions are willing to pay for them; but because the labourer may not till the the soil, snare the rabbit, catch the fish, dig the clay, hew the

stone, or open out the minerals, because the fertile lands, the moors, the rivers, the clay beds, the quarries, the mines, are all owned by one person or another who bars access to them.

The hindrance to productive work is artificial and arbitrary always, not natural and just. Useful, productive work can always go on if only the people are allowed to do it. If there are no tools, their first act will be to procure them, and that in itself is useful work, and work that can always be done.

Some particular work may be stopped temporarily by want of the necessary instruments, but work as work—useful, productive labour—never.

Progress may be checked by a barren soil like the Saharas, by an inhospitable climate like Labrador, by insecurity of life and property as in Armenia, by a crushing despotism as in some Eastern States; but from want of the means to work, and inability to procure them, never.

There is not a corner of the inhabited world where the people have not already in their hands the tools required to do the work they are accustomed to; much less is there any corner where they could not get more and better instruments if they wanted to, not perhaps to do the work in the best conceivable way, but to do it so well as to be well worth doing.

The advantage of superior appliances is real—the necessity for them is imaginary.

The Pyramids of Egypt still rank among the mightiest works of man, but the tools they were built with were of the simplest. The handspike and the skid were all the builders wanted. The handspike and the skid! Instruments that any savage could pick up ready-made, so to speak, in the woods.[1]

It is said that the way the Pyramids were built was as follows:—The first layer of stones was handspiked into place

[1] I am speaking of the actual building of the Pyramids, not of the quarrying and transport of the stone; though the instruments required for these were almost as simple.

and that course finished. The first stone for the next course was then handspiked up alongside. Then a number of men with handspikes raised one side of the stone and placed a chock under; another gang of men then raised the other side and chocked that; repetitions of the process raised the stone to a level with the top of the first layer, then two skids were laid across and the stone handspiked over into position. Repetitions of these processes completed layer after layer till the pyramid was finished.

Whether the Pyramids were really built in this simple manner is of no consequence. The statement is only given as an illustration. The Pyramids *could* have been built in this way, and that is enough for us.

So long as there is labour (people willing to work), work can go on. If, indeed, there is no food for them, the people will die, and work will cease; not for the want of the instruments, but for want of the people. If there is food, but not enough for all, some will die, but work will go on as usual among those who don't die while the others are dying.

Not only can a community always find useful, productive work to do of some sort, but I think we may say they always can and do find the instruments for doing the work that most wants doing.

A tribe of Red Indians could not tunnel through the Rocky Mountains, but then they would not want to. There would be abundance of work much more suited to their requirements that they could do quite easily.

What they want is food, shelter, clothing, arms, ornaments, and they are never hindered from getting these by want of instruments for getting them. If they cannot get food enough to eat, it is because the buffalo have left the country, or the crops have failed, or the men are weakened by disease, and had not foresight or industry enough to provide beforehand a stock supply against accidents. They want a certain quantity of a

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certain kind of goods for immediate and immediately prospective use, and when they think they have got about enough of these, they trouble themselves no further. If you gave them ploughs and scarifiers and steam-engines for nothing they would not use them.

Most of the wants of civilised man are artificial and acquired. The savage never dreams of wanting such things till he sees them; often does not want them when he sees them, and those that he wants he does not want with sufficient intensity to take the trouble to acquire them.

Simplicity of wants, *vis inertia* and insecurity of life and property, not lack of instruments, account for the non-progress of stationary races. Want of capital in any sense of the word is never the cause.

A people may abandon a great work half finished, as the French abandoned the Panama Canal; but again it was not that the instruments were wanting, but that the people no longer cared to apply them to that purpose; the cost of the work having proved to be greater, or the profit promising to be less, than was anticipated. The instruments are there still, rotting away.

So long as there are human beings, there will be wants unsatisfied that are worth satisfying; that is, there will be work to do worth doing. Grant them access to natural facilities and the work will go on; the instruments will, so to speak, find themselves.

The supply of instruments available for production is not a fixed, much less an ascertainable quantity, but is indefinite and enormously elastic.

According to the Wage Fund theory, wages are drawn from capital, and that being so, the rate of wages is determined by the amount of capital offering for employment of labour as compared with the number of labourers seeking employment. This was long accepted by economists as not only being true but

self-evident. It is now, however, abandoned, I believe, by most economists. It rested, like so many other fallacies, on the unconscious identification of capital with money. The only point in it with which we need concern ourselves here is the assumption contained in it that the quantity of the third factor of production available for the employment of labour and carrying on of work is at any given moment a determinate quantity; whereas it is highly indeterminate and enormously elastic.

There are always a vast quantity of instruments of production not in actual use, nor devoted by anticipation to any particular use, but available at any moment if wanted—

A. Complete, but unsold, in the hands of salesmen awaiting sale.

B. Sold and supposed to be in use, but often not really in use all their time, or for half their time. There are always spades, ploughs, axes, engines, working horses, instruments of every conceivable use, unused at the moment because their habitual users are doing other work with other tools.

The same tools that are now in nominal use by a hundred men could often be used to keep some hundreds of men going by a mere re-arrangement of labour and apportionment of tools. There is also a vast quantity of goods in process of construction which could be hastened to completion, altered and adapted to other uses than those originally intended, and turned into instruments instead of luxuries, or if designed for instruments already, into instruments of a different kind more urgently wanted.

There are articles innumerable, again, complete, disposed of, and put to use as final products, for mere enjoyment, which could be turned to use as instruments of work; dwelling-rooms that could be used as stores, carriage horses that could be put into carts, food products that could be converted into starch, glue, and so on. Further, there are people who are doing no

work, people who are doing work useful in a way, but not productive, and people who are producing superfluities, who could on emergency be set to work to increase, almost at a moment's notice, the supply of instruments.

Want of instruments, indeed, never retarded progress, never checked industry for a day, though want of instruments of a particular kind may have temporarily changed the course of industry. There are always instruments and to spare for more work than is being carried on, and there is always the power of multiplying them to any extent that may be required.

Much of the success that is attributed to capital (either as money or as instruments) is really due to organisation, and much of the failure that is attributed to want of capital is due really to privileged obstruction.

Here, for instance, is a 1,000 acre swamp with a rich, alluvial bottom. Around it live 100 small settlers, splitters, quarrymen, shepherds—men recognised as of "no capital," and living by their own labour entirely, owning amongst them merely the simple tools required for their work, a few ploughs, and teams of bullocks, a dray or two, picks and spades, mattocks.

It would be a grand thing to drain this swamp, but far beyond the means (it is supposed) of these poor men. Such an undertaking would require a big capitalist.

But it wants no big capitalist. It wants nothing more than is already possessed or readily procurable as required by these poor men. Land, labour, and instruments are all that is required, and they are all there. The men have only to combine, to come to an understanding, as to how the work shall be apportioned, and the profit shared, and the work can begin to-morrow. Some can begin taking the levels and laying out the work, some opening out with the plough, some shovelling. As for food, they have to procure that anyhow; a certain amount is already on hand, and for the rest they can apportion

their time or their numbers (as in practice they have always *had* to do), and some can be growing food while the rest do other work.

There is no necessity for forming themselves into a Socialistic federation, or sacrificing one jot of their individualism; all that is wanted is an understanding by which the work shall be apportioned, and the reward be in shares proportionate to the work done, or supplies provided by each, on ordinary joint stock principles, and may consist in a given area of the drained land for occupation, or a percentage on the proceeds of sale or lease. No one need take a larger share than he likes. Some may give only one month's work in the year, some six months, and there is no hurry. Suppose the work will take five years to complete, this does not imply that they must wait five years for a return. The return will begin in a few months. For once the main drain is opened out, the general water-level will subside, and so much land be rendered available at once. Meanwhile, they can push on with the work when circumstances allow, or leave it for a while, when harvest or other calls keep them away.

If there are any particular tools wanted which they have not got, or unforeseen difficulties arise, such as an outcrop of rock, they can get all they want from outsiders; for the work being once fairly commenced, advances will freely be offered payable by shares in the proceeds.

It may be objected that such an enterprise is not a fair sample. It is too simple an affair altogether. It is only a matter of digging out some earth and letting some water off.

Well, the same thing may be said of the Suez Canal, which was only a matter of digging out some earth and letting some water *in*.

Countless examples could be given of enterprises equally vast and equally simple which are supposed to be impracticable for want of capital, but which require nothing but organisation

and freedom from outside interference, to be begun at once with instruments already at hand, or readily procurable as required.

Why, then, do not these men begin to drain that swamp at once?

For the old, old reason. The landlord bars the way. Somebody owns that swamp, or has a "vested right" in it, or in some of its surroundings, and either wants cash down (and a lot of it) before he will permit a stroke of work to be done, or else will grant permission only on the condition that, after a certain interval, he may appropriate the whole concern.

And so it is all the world over. Privilege of some sort bars the way and demands backsheesh, before labour can exert itself.

FOOD.

But — and now we come to the crux of the whole question—is Food a third factor of production? Is it an instrument or a final product?

It is urged that when we say labour is limited by capital, we mean by capital, not tools and raw materials, but food, the food required to keep the labourer going.

Nearly all economists seem to agree that the food of the labourer is an instrument for carrying on the general work of production, and represents part, and the chief part, of the cost of the work; not merely relative cost (cost to the employer) but absolute cost (cost to the community).

Let us make sure that we are not disputing about mere words. What is really meant by the statement that labour is limited by food, and that food is the instrument and cost of labour (all three statements being bound up together)?

That *population* is limited by the food supply (procured or

procurable from day to day) is obvious enough. Man cannot exist without food.

But what is stated and what is apparently meant is much more than this.

For observe that it is the labourer's food only which is represented as the instrument and the cost of the work. The food of the landlord, who simply permits the use of the land, and lives on the rent, is not so reckoned; nor is the food of the capitalist, who simply permits the use of the instruments of production, and lives upon the interest. The reason given for the distinction being that the food consumed as rent and interest is not consumed in doing the work, but represents a surplus derived from the work, while the food consumed as wages is consumed in the doing of the work, and has vanished before the completion of the work; whence it is assumed as a self-evident truth that it is a deduction to be made from the product, or set against it. It is thus cost, not to the employer only, but to the community.

I venture to dispute the whole theory.

I shall try to make clear—

1. That food is not an instrument, but a final product. It is what people work *for*, not what they work *with*.

2. It represents (and all wages with it) not the cost, but the profit of the work, the labourers' share of the product, just as rent and interest represent the landlords' and capitalists' share, and these two are never represented as cost of work. Indeed, economists themselves describe the produce of labour as being divided between the landlord, the capitalist, and the labourer (the labourer characteristically being placed last).

It is true that wages are often paid for labour which is absolutely, and in its nature, unproductive, but so also are rent and interest charged for land improvements and appliances, which are put to absolutely unproductive use. It is true, also, that even in productive occupations the work often fails of its ex-

pected result, yet none the less the wages have been paid; but so also none the less will the rent and interest *have* to be paid. But I am only stating my case now; I shall prove it presently.

3. Labour is not limited by food, but given land and people willing to work, work can go on till labourers fail or land gives out; neither of which catastrophes are at all likely to happen.

The whole misconception has arisen from looking only through the employers' spectacles; from the custom of regarding our industrial system as a vast machine, of which the capitalist is of necessity the engineer, by whose will, and under whose guidance, the machine moves; while the labourer is merely an instrument in his hands, like the horse and the steam-engine; an instrument requiring to be supplied with bread, as the horse is supplied with oats, and the engine with fuel, not for the purpose of satisfying its wants, but of producing that profit to the capitalist, without the prospect of which he will employ neither horse, nor engine, nor man. Capitalists' profit is thus made the keystone of the universe, so to speak. The work of the world is carried on, not to satisfy the necessities of the workers (that is only an incidental result), not to contribute to their freedom and happiness (that is quite unnecessary), but only to enable an investor to make so much per cent.

We have taken the artificial and local state of affairs for the essential and universal, and have landed ourselves in a conclusion which is as immoral as it is absurd. To unravel the tangle we must reduce the matter to its simplest elements. We must go back to industry in its beginnings, and trace it out from thence.

Three men breakfast together. Then A digs, B plays cards, C goes to sleep. The breakfast is no more the instrument or the cost of A's digging than of B's playing cards, or C's going

to sleep. There is no cost in any of the proceedings, and the only instruments required are—for A a spade, for B a pack of cards, for C nothing.

It is quite immaterial whether A, B, and C are independent parties, or whether C is a capitalist and employs A to dig and B to gamble for him while he sleeps. The relations of the parties to each other would be different, the essential facts would remain unaltered.

Again, suppose two men, of whom A has two days' food supply, B has none. Then A can do one or other of four things:

He can consume the whole supply in two days, doing nothing, and leaving B idle and hungry. Then the whole supply will have been consumed, and no work done. Or he may give half to B on condition of B's doing a day's work for him, he consuming the other half and doing nothing. Then the supply will have been consumed, and one day's work done. Or he may share the supply and both work. Then the supply will have gone, and two days' work be done. Lastly, he may consume the supply himself in two days, working all the time, but leaving B idle and hungry. Then, as in the case before, the supply will have gone, and two days' work be done. But there will be this difference, that in the last case there has been a man idle for two days, and so two days' work will be lost to the community. It is in this only, in the loss of work, that loss comes in anywhere. For, in any case, the two days' food will have been consumed, and consumed equally whether work was done or not. No less is consumed if no work is done, no more is consumed if two days' work are done. The food, therefore, is no part of the cost of the work.

Employment of labour, by capital and advance of food, presupposes the existence of the food. What the community wants, then, is not that this food shall be "saved," but put to its proper use of feeding somebody; only that those who con-

sume it shall produce something or do some useful work while they are consuming it, and that they shall do so as soon as possible.

The food is produced only to be consumed, and will disappear equally whether it is consumed to-day or to-morrow, whether it is consumed by A or by B, or be left to rot. So far from its being a loss to the community, it is an actual gain that it has been consumed by a labourer doing useful work, rather than by a capitalist doing nothing, or consumed in one day by two men working productively, rather than in two days by one man, for in the former case there will be just double the useful work done by the end of the day.

The game which the savage kills, and the roots he digs up are, obviously, the reward and not the instrument or the cost of his labour. So with the city labourer: the breakfast which he earns is also the reward and not the cost or the instrument of his getting it, none the less that it is already produced by other people, for he has to work in order to get it. Nor would it affect the argument if he got the food first on condition of doing the work afterwards. Wages are the reward of labour, whether paid in advance, or deferred till completion of the work.

Our savage, having secured his breakfast, can work or not, as he pleases. If he does not, he is likely to have no dinner but in no case is his breakfast an instrument for getting his dinner. It is true that if he has not had a breakfast (or some previous meal), he may not have strength to seek his dinner. It is therefore in so far a condition precedent to his getting his dinner, just as his having ha a father and mother was a condition precedent to his getting (or wanting) a breakfast. It is a link in the chain of causation that has brought about his present condition of existence and vigour. But his breakfast will no more be an instrument for getting his dinner, than were his parents an instrument for getting his breakfast.

But suppose that in seeking his breakfast he kills a deer that will last him for three days. Then the whole three days' supply is the reward of his morning's labour, and for three days he can be idle if he likes; but as it will involve no more consumption to work than to be idle, all that he produces by his labour, if he chooses to work, will be the reward of that labour *without any deduction.* And work to a certain extent he must. For the deer he killed is not, properly speaking, a *final product.* He cannot, like a boa constrictor, swallow the carcase as it lies. It is only a mass of raw material for further labour; an instrument by which (or out of which) he can obtain flesh for food, a skin for clothing, and bones and sinews for arrow-tips and bow-strings. The garment (if he makes it) will be the reward entirely of his labour, just as the meat was, and as the arrow-tips will be. And if instead of making them himself he gets another savage to make them for him on condition of sharing in the deer meat, then the meat which that savage receives will be the reward of *his* labour; no matter whether he receives it in advance, or has to wait till the work is finished.

Here we have our whole industrial system in a nut-shell.

The capitalist, it is said, maintains the labourer by advancing him food (the capitalist and the employer being assumed to be the same person).

1. The capitalist makes no advance to the labourer of any sort. What advance there is is from the labourer to the capitalist, for work precedes payment. There is an exchange of services: work for wages; and the labourer supplies the work before the employer supplies the wages: the work and wages being supposed equal in value. But they are not equal! The work done is worth more than the wages paid, otherwise there would be no profit for the capitalist, without which profit he will not employ.

It is objected that the inequality is, on the whole, the other way ; for though the work may be worth more hereafter, it is worth less now, being generally incomplete and often inconvertible. It may consist of a tree felled or a strip of land ploughed, which the capitalist can neither use for his own enjoyment nor dispose of at a profit.

Still he is so much the richer.

So much of a desired work has been done, and so much the less remains to do. Say that $\frac{1}{10}$ of the desired work is done, then the capitalist is as much advantaged as a traveller who has completed $\frac{1}{10}$ of his journey; as a mortgagee who has paid off $\frac{1}{10}$ of his liabilities; he is 10 per cent. better off.

However, let the services exchanged be assumed to be equal. The point that concerns us is: first, that what advance there is is from the labourer to the capitalist, not from the capitalist to the labourer, as work usually precedes payment; and secondly, that the work done by the labourer represents (in productive employments) as real an addition to the existing sum of wealth as did the production of the food which he consumes.

A tree felled, but unsaleable, represents as distinct an addition to the stock of wealth as do the boards sawn out of it, which are readily saleable. The saleability has nothing to do with the matter. Both are incomplete products. Both are necessary preliminaries to (say) the building of a house, and society is the richer by so much useful work done.

2. What the capitalist supplies is not food but money. He has not, except in rare cases, the food to supply. The man who really supplies the food is another labourer, another man who lives by work, a baker or butcher; and the capitalist is merely a go-between, and by no means a necessary one. If he were to disappear to-morrow, the other two men would come together and exchange together. Labour would feed labour. The baker, having lost his capitalist customer, would still have

his bread to sell, and would want a thousand things, which only labour could supply, consequently he would apply to the labourer; while the labourer would be only too glad to do what he could in exchange for the bread. No doubt if the capitalist were to disappear suddenly, the whole industrial structure would be violently dislocated, and much suffering would ensue before the two survivors came together satisfactorily. But this suffering would be due not to the absence of a capitalist go-between, but to the sudden dislocation of existing arrangements, no matter how caused. Sooner or later the two men would come together satisfactorily.

3. The food supply of the community (not merely of the labourer, but of us all) is not, except to a comparatively small extent, drawn from a pre-existing pile as seems always to be assumed. It is the result mainly of a continuous process of production. While A is working for B, C is producing the food that is to feed him.

Admitting that a large part of the food supply consists of grain which was grown last harvest, a still larger part is being produced from day to day. The meat is being fattened off and killed, the cow is being milked, the butter is being churned, the eggs are being laid, the vegetables are being grown and gathered, from day to day. Moreover, the sugar and tea and foreign produce of all sorts, though they were grown and worked up some time ago, are being imported from day to day, and their importation is as much a part of the process of food supply, that is, of the feeding of the people, as was their growth and manufacture. Moreover, even as to the wheat, people do not eat wheat but bread, and bread is being baked from day to day. The harvesting of the grain was only a stage of the process, like the ploughing and sowing, like the grinding and baking, like the countless acts of cultivation and preparation, transport and exchange required before the baked loaf could be placed in the hands of the person who is to eat it.

The feeding of the people is a continuous, never-ceasing process.

To say that our present existence (not the labourer's only, but all society's) is due to the results of past as well as present labour, is a very different thing from saying that the labourer is fed by the capitalist.

Labour is fed by labour; by that continuous process of *present* labour, which, if intermitted, would render all the results of past labour useless, *and* bring the whole community face to face with immediate starvation.

SUMMARY.

1.—The Third Factor of Production consists solely of the instruments of production (tools and raw materials), themselves the product of labour, and does not include food.

2.—To constitute an instrument, and be effective as a factor of production, the article in question must be productively effective, *directly and in itself* and not vicariously, by exchange.

3.—The productive power of a community depends, *ceteris paribus,* on the number and efficiency of those instruments that it possesses.

4.—The greater part of the so-called "accumulations of capital" are not factors of production at all; consisting, in part, of mere claims on the industry of others—no matter how originating—and in part of final products, which, however useful for enjoyments, are of no use for further production.

5.—Labour is not limited by instruments, but only assisted by them; land and labour being all that are necessary to enable work to continue.

6.—The supply of instruments is not a definite quantity, but indefinite and enormously elastic.

7.—The efficiency of instruments depends on their nature and construction, and not on the mind of the possessor.

8.—The only possible way of "saving," so as to facilitate or economise labour, is by increasing the number and improving the quality of useful products.

9.—Instruments give their possessor power over Nature, but not over other men. The so-called "tyranny of capital" being due solely to land monopoly.

10.—The law of indifference does not apply to the third factor of production (instruments), but only to money.

A COLONIST'S PLEA FOR LAND NATIONALISATION.

THE UNEARNED INCREMENT: ITS NATURE.

Let us begin by taking the increment in its simplest and clearest form.

Suppose I buy Government land at £1 per acre, and quietly holding on while roads are being pushed forward, settlement extending, and land values rising, refuse offer after offer till the price reaches £2, when I sell out. Of these £2, one I have acquired by direct purchase; £1 worth of money for £1 worth of land; but the other I have done nothing to acquire.

It is not interest on the purchase-money, for interest is payment for the *use* of capital, and comes out of the use. Who would expect interest on money tied up in an old rag? There has been no use here.

It is not compensation for risk, for the land could not disappear or deteriorate, and was sure to be wanted.

It may be quite right, for all that, that I should have it. That is not the point at present. The point at present is simply to explain the term, and to show not only what it directly means, but what it indirectly implies, for it implies a great deal—much more than most people have any idea of.

I have neither done anything to create this increase of value, nor rendered any service in return for it. If a sovereign were suddenly to drop into my pocket from the sky, it would not be more completely unearned.

But it has not only been unearned. If that were all, it would be no great matter. If, like the sovereign, it had dropped from the sky, then, though I might be undeservedly the richer, nobody else would be the poorer. My gain would be a clear addition to the sum total of human wealth, out of which others besides myself would, in one way or another, derive benefit; and, whether or no, whatever benefits one without injuring another is fair subject for congratulation.

But it has not only been unearned; it has been drawn from the earnings of others. My gain is others' loss.

If I sell goods or perform work for another, then no matter how high I may charge for the goods or the work, I am rendering goods for goods, service for service, earnings for earnings. What I offer is my labour, or the fruits of it, and as the public are free to get the same goods or services elsewhere if my terms don't suit, or to go without them, the fact of their accepting my terms shows that the thing I offer is, under the circumstances, worth the money.

But in the case of this unearned increment on land, there is no pretence of any exchange. I offer for it neither labour nor the produce of labour. All I do is to place my hand on a certain portion of the earth's surface and say, "No one shall use this without paying me for the mere permission to use it." I am rendering no more service in return for this extra pound, either to the purchaser or to society, than if I had acquired exclusive title to the air, and charged people for permission to breathe. And if, instead of selling my land for an additional pound, I let it at a proportionately additional rent, the principle would be the same.

The increase of value in my land has arisen from the execution of public works and increase of population, causing an increased demand for the land; in other words, it has arisen from the national progress; and I, so far from aiding in this progress, have actually hindered it, by keeping my property

locked up, and so forcing on intending producers to inferior or less accessible lands; and by holding so much land back have helped to make land so much scarcer, and, therefore, so much dearer, and so have helped to increase the tribute which industry has to pay to monopoly for the mere privilege of exerting itself.

I have employed my land not as an instrument of production, but as a means of extortion. I have bought it, not to use, but to prevent other people from using it without my purchased leave; not to earn anything by it, but to obtain the power of demanding the earnings of others.

Suppose certain parties, knowing that a road would shortly be made into a particular region, bought from Government the privilege of placing bars across the road (when made) and forbidding anybody to pass until he had paid toll; toll, not (as under the old State tolls) to pay for the maintenance of the road, but toll for the mere permission to pass along the road. Everyone would recognise that this toll was pure blackmail and not earnings, and the obstructors mere parasites licensed to prey upon the public. But where is the difference between blocking the road and blocking the land that the road leads to? Where is the difference between levying blackmail on the transport of goods, and levying it on their production?

But it will be said, "It was with real earnings that I bought the right to demand this payment."

True. But the point is that whether I bought it or stole it, the thing I have bought or stolen is the privilege of levying blackmail upon industry; of demanding something and giving nothing in return; of laying my hand on the earth's surface and saying to all and sundry, "Give me of the produce of your labour or be off with you; so much a year if I choose to let it; so much in a lump sum if I prefer to sell it." Whichever of the two forms the demand assumes, it is called by political economists "rent," and by that name I shall henceforth call

it, because that is the accepted name, and because there is no other compact and handy term by which to express it; but it is not to be confounded with rent in the legal and commercial sense, which includes interest on the cost of improvements. The rent I shall mean is economic rent only; the price charged for the mere use of the land as such, either without any improvements or apart from them: I shall mean "ground rent" in short.

The economist tells us that all rent is differential only. Owing to the competition amongst landlords for tenants, there can be no such thing as a monopoly or forced rents.

All the facts are dead against this theory. I give three typical examples:

(*a*) In West Ireland, where landlords own large areas apiece, all equally good, or rather equally bad, but only a small part of each occupied (not appreciably better than the rest), the rents are higher in proportion to productiveness of the land than in England where the land is put to comparatively full use. But is there any competition amongst the Irish landlords, each with his vast unoccupied area, for the over-rented tenants of his neighbour? On the contrary there is a practical informal Trades Union amongst them to keep up rents. So far from offering easier terms to tempt other tenants on to their own unoccupied lands, which are bringing them in nothing, they do not even abate one farthing of their own extortionate rents, except from occasional generosity or the obvious impossibility of the tenant paying the higher rate.

(*b*) The English landlord, as a rule, will not let a small plot of land to the labourer, except for two, three, four, or five times as much as the capitalist farmer is paying for land of the same quality. Even then he refuses to grant the same limited security of tenure that he grants to the farmer, but reserves the right to eject the labourer at short notice (generally a month), and confiscate his growing crops and improvement.

And this, notwithstanding that the labourer offers better security for the rent than does the farmer; for the labourer wants the land for no other purpose but to improve it—to dig, manure, and cultivate it as a garden; to build a house and outbuildings upon it. While the capitalist farmer makes no improvements, but expects the landlord to make them for him.

(*c*) There are in and around every growing city lots withheld from the builders (checking the natural desired expansion of the city) because the price asked from the builder is prohibitive—the owner knowing that if he cannot get his price this year, he will next, or the year after—before long, at any-rate, for the city *must* expand; and meanwhile the land eats nothing, costs him nothing (though at the same time it generally produces little or nothing). But, it is urged, the necessities of owners must often force them to let their land go at a reduced rate.

Even this apparent small mitigation does not help the public. For if A is obliged to sell, B of the same kidney is always ready to buy and to keep up the speculative, extortionate demand.

So I could go on multiplying examples and, consequently, proofs that the alleged competition of landlords for tenants prevents monopolistic rent is a transparent delusion.

The evils of monopoly are not dependent on a given commodity being owned by one person, or a few only. So long as the demanders are more numerous than the suppliers, especially when the article is a necessary of life, and cannot be multiplied in response to demand, like clothes or houses, the game is in the hands of suppliers, and they can ask what they please —within wide limits.

Land is the first necessary of life, being the source from which all necessaries proceed; and people, therefore, must have access to it at any price which may be demanded, so long as it is one that they can possibly pay.

It does not avail to say that A, B, or C, this individual or that, need not take land; that HE can do something else. SOMEBODY must take it, or production cease, and the landlord knows this.

There is no land so bad but the occupier can be made to pay a very appreciable, not merely nominal, rent for it if he is practically obliged to take it, as he often is. There is land in Donegal so bad that all recognise that the tenant could not possibly live by it (under existing conditions) even if he had no rent to pay. Yet that land fetches rent; because the peasant being a terrestrial, and not an ærial or marine animal, must have some land to reside on; and he has to go to Scotland in the harvest time to earn a few pounds to make up his deficient subsistence and earn his rent.

However bad the occupancy may be, and incapable of yielding full subsistence, it will not take all the occupier's time to till it. There will be days and weeks when there is no work for him to do upon it—in wet weather—between seedtime and harvest, and again between harvest and seedtime, not to mention hours in the evening; and this TIME the landlord can exact as rent—to dig for him or wait upon him, or (as in the case given) to go elsewhere and earn money for him.

Rent then consists of two distinct elements—monopoly rent or the rent which can be demanded for any land however bad; and differential rent, which represents the differing productiveness or desirability of different pieces of land. Thus if the monopoly rent of 5-bushel land, which just keeps the occupier alive, be 10s., land which yields 10 bushels will pay 10s. plus the value of the five extra bushels, and so on. Differential rent rests upon inherent, natural differences, not upon arbitrary enactments or personal privileges, and it will always correspond to those differences. But monopoly rent is an artificial product—a tribute-levying power arising from unjust laws and privileges that can be abolished.

The fact that it was with real earnings that I bought the land for which I charge rent does not make rent earnings. I may invest earnings in buying a share in a pirate vessel (as a great writer puts it), but the proceeds of piracy are not therefore earnings.

It is the nature of the business whereby I make money, and not the manner in which I got into it, that makes the difference between earnings and appropriation.

Earnings mean taking payment for goods or service rendered; appropriation means taking something and giving nothing in return; no matter whether the taking be legal or illegal, or how I acquired the privilege of taking. Anyone can recognise that it is one thing to charge for the fish I caught in the sea, and quite another thing to charge for permission to fish in the sea; one thing to charge for produce I have raised from the land, and quite another thing to charge for permission to raise produce from land.

"Still I have the right to make this charge."

I am not disputing that.

If Government, with the full consent of the governed, issued licenses authorising to rob on the highway, the robbers, I suppose, would be justified in acting on their privilege; but their gains, all the same, would be appropriation and not earnings, no matter how high they paid for their license or how honestly they came by the money to pay for it. And if the public, disgusted with the system, demanded its immediate abolition, the robbers would have a claim to compensation; but their compensation would have to be assessed, not by the amount of plunder they had expected to make, but by the fee they had paid for their license and the actual loss to which, in one way or another, they had been put by the sudden abolition of a privilege they had honestly paid for.

But it will be said, "Rent is the result of a free contract."

Is it? The Italian peasant who agrees to pay to the brigand

on the mountain so much a year in consideration of not being robbed makes a contract, but is it a free contract? If he refuses to pay it, the brigand will take his earnings; if the applicant for land refuses to pay rent, the landlord will refuse to let him make any earnings. Where is the great difference between the two cases? There is a contract in each case, and the one is about as free as the other.

In neither case is anything given in return for the payment received, except permission to work unmolested in a particular place.

"But," it will be said, "in practice the rent of an estate represents real earnings in the shape of improvements made, as well as mere permission to use the land, and how can you separate the two values?"

Not only is it quite possible to separate them, but the thing is often done. In London, for instance, the ground rent and the rent for the house often belong to quite different persons. In Ulster, again, the retiring tenant receives the value of his improvements, while the landlord keeps the value of the land. And in America, I am told, the land and the improvements are assessed separately and taxed separately.

But all this has really nothing to do with the subject in hand. My concern at present is simply to explain the nature of the unearned increment.

Whether the value of land and the value of the improvements can be separated or not, they are quite distinct elements, just as in a glass of grog, the brandy is brandy and the water water, each with its own distinctive properties and effects, notwithstanding their indistinguishable commixture; and he, therefore, who lets land levies blackmail upon industry by charging for something which represents no service at all, none the less that at the same time he charges for something else that does represent service.

No doubt there are many other things besides land in which

a monopoly of the article will enable the possessor to levy something resembling blackmail; but there are points of difference that distinguish them all from the pure and simple appropriation of land monopoly.

The first is that none of them excludes other people from making a living or from making earnings to any extent by other means than the article monopolised.

If by a day's labour or by pure accident I find a diamond, I may ask a price entirely disproportionate to the value of my labour; but then the public need not buy my diamond unless they like. My finding a diamond does not prevent other people from looking for diamonds with as much chance of finding them as I had, and if they don't think they are likely to find any by looking for them they can go without, and be none the worse.

But every piece of land appropriated shuts out so many other people from that land, and as all the land (practically speaking) is appropriated, or in one way or another out of reach of the masses, they are at the mercy of the landholders, and have no choice but either to rent it from them as tenants, or work for them as labourers on the hardest terms to which competition can drive them; which means that the landowner has the power of appropriating the greater part of their earnings in return for the mere permission to them to earn anything.

Or suppose that, instead of finding a diamond, I buy tin, and that next week the price goes up to double—here there is an additional distinction between my gains and the land speculator's; for not only are the public under no compulsion to buy tin (while they are to rent land), and not only does tin represent the results of labour, and so represent earnings (which land does not), but the magnitude of my gain in most cases represents compensation for great risk.

The earnings of farmers and of miners may average the

same, but the farmers' average is made up of pretty equal profits all round, while the miners' average is made up of a few big prizes and many blanks. And what applies to the miner applies also to the speculator in mining products. His occasional large profits represent compensation for great risks, and is thus as much of the nature of insurance as of profit.

No one would think of either mining or speculating in mining products unless the many blanks were compensated by occasional large prizes. They are the necessary inducements to engage in those callings, and therefore fair earnings when they come. Land, however, is not a speculation in this sense (though even if it were, its profits would still be appropriation and not earnings for reasons already given); it is a sure investment in the sense that it is subject to no extraordinary risks: to no more risks, that is, than such as are inseparable from all human enterprise, even the safest.

The value of land, as of everything else, will oscillate within certain limits, and even in some exceptional cases, as in the sudden diversion of traffic, fall for an indefinitely prolonged period; but these occasional or exceptional perturbations are but as the advance and recession of the waves in a flowing tide. The tide still comes in.

In every country which has any enterprise and progress, land values must rise. The movement may be fast or slow, continuous or interrupted, but it is up not down.

There is not a single factor in a nation's progress that does not add to the value of land. Every road improved and railway laid down; every machine invented and process perfected; every opening of new markets; every improvement in fiscal policy, in order and good Government, in the knowledge and skill, in the morals, manners, and even numbers of the people; every conceivable element, in short, that adds to the productiveness of industry adds to the value of land, and increases the

tribute which monopoly can wring from industry, which the man, who merely owns the land, can exact from him who uses it for the mere permission to use it.

This is why the gradual rise of land value or rent (ground rent only, remember), is called the unearned increment.

So far for its nature. Our next consideration will be its magnitude.

THE UNEARNED INCREMENT: ITS MAGNITUDE.

Under the system prevailing all over the civilised world, every country is cut up into square pieces and appropriated by a (comparatively) few owners.

What these owners do with the land is a matter the State concerns itself very little about. Whether they occupy and use it themselves, or let it to a tenant and live in idleness on the fruits of his labour; whether they cultivate it like a garden, making it yield abundant wealth and maintain hundreds of families, or leave it in a state of nature to carry sheep, excluding the whole rising tide of population from the opportunity of developing its boundless resources because the sheep pay *them* rather better; whether they open out the mineral treasures hidden in its depths, or lock them up by demanding such exorbitant royalties that enterprise either will not attempt the work, or attempts and fails; whether they construct factories and build cities upon it, or turn out the whole population and burn down their dwellings (as in the Scottish Highlands), because a foreign millionaire offers them a higher price for the privilege of turning it into a wilderness to shoot deer in than the children of the soil can give for the mere privilege of earning a living; all these things the State regards as matters of

quite secondary consideration with which it is not called upon to interpose, because that would be interfering with the "sacred rights" of property.

The one thing it does concern itself energetically about is to establish these "sacred rights" as fast as possible and in all directions, and ensure that every acre shall have its blackmailer privileged to exclude everybody else from the land he has acquired possession of, and to forbid access to all industry, except on payment of the heaviest toll which the keenest competition can compel.

The whole country (that is, the whole country worth occupying at any given moment) being thus apportioned amongst these privileged few, they are masters of the situation. The first thing a man requires is room to stand in; and there is no unappropriated room available for the purpose. If he stands on private land he is liable to an action for trespass. If he goes out into the street, the policeman may order him to move on. When night comes on, matters are worse. If he sleeps on somebody's premises, he can be apprehended for being on the premises for an unlawful purpose. If he sleeps in the bush, he may be locked up as a vagrant without any visible means of support. The State insists that he shall pay blackmail to somebody; not payment for service of any sort rendered, but payment for the mere permission to be somewhere.

Land is the basis of all industry.

All industry consists either—

1. In extracting the raw materials of wealth from the land; or

2. In working up, shifting about, or distributing these materials, or in aiding, in one way or another, some of these processes.

We shall call the one class primary, and the other secondary industries.

Farming and mining are the chief examples of the primaries.

As to the secondaries, they are legion; and not only are all the materials these last have to operate upon drawn from the land, but so are the tools they work with, as well as the food the workmen consume.

It is clear that the extent of the secondary industries will be strictly limited by the primaries; that is, there can be no more persons engaged in working up, shifting about, and distributing materials than there are materials (extracted from the land) for them to work up, shift about, and distribute—and not only is the extent of the secondaries determined by the extent of the primaries, but so also are the profits in the secondaries determined by the profits in the primaries.

Materials must be extracted (or produced) from the land before they can be put to any further use, and men will not leave this necessary preliminary work to take to the secondary work unless they can make as much by the new industry as they could by the old; and they cannot hope to make more, because, if they did, the openings in the secondary industries being strictly limited, competitors would at once flock in and bring their profits down.

If profits in the primary industries are high—that is, if the land yields abundantly, and no one steps in to appropriate the fruits—profits in the secondaries will be high, too, for otherwise people would leave the secondaries and betake themselves to the land.

If, on the other hand, profits in the primaries are low—that is, if either nature is niggardly, or someone (the landlord, for instance) appropriates the fruits—profits in the secondaries will be low, too; for otherwise people would leave the land and crowd into the secondaries till they brought profits down.

Now, if all the land is held by a comparatively few people (as is the case), then, since the land is the basis of all industry, there will be keen competition for it—a competition becoming keener year by year, as the competitors multiply, and wealth

increases, the result of which competition will be that the man of average means and capacity will have to give the very highest price for the land that he will consent to give, rather than go without it, and this highest price will be determined, not by the amount that it takes out of his pocket, but by the amount it leaves behind.

Here, for instance, are three farms of differing fertility, estimated to yield to the customary system of farming £200, £300, and £400 net profit respectively. Then, if the first of these fetches, after a pretty close competition, £100 a year, this shows that no bidder will give more than will leave him £100 to himself, but that the competition of the others will not allow him to retain more; in other words, that £100 is the lowest he will *consent* to keep, and the highest he will be *allowed* to keep, so that £100 a year is the average profit of farming amongst farmers of that class and means. But since he cannot hope to keep more than £100, it does not matter to him what the surplus may be which he is compelled to give up to his landlord; consequently the other two farms will fetch respectively £200 and £300. Of course, it is the *rate* of profit, and not the actual profit of which we are speaking. The £100 is only quoted as an example. Amongst one class of farmers the reserve will be higher, among another lower, according to their means, and the magnitude of their operations.

This is the theory, and it corresponds exactly with the facts; for whether a farmer settles here or there, near a market or far off, whether he pays £100 a year for an indifferent farm, £150 for a better, or £200 for a better still, he finds that except by some lucky accident his profits as a farmer remain much the same; which shows that his rent is determined, not by what he has to pay away, but by what he is determined to keep; and this amount, this rate of profit will, for reasons already given, determine the rate of profit, in all the secondary in-

dustries, though they have no visible connection with the land at all.

To put it compactly, the profits of industry all around are determined by the rent of land. That rate of profit which the worker on the land can save from his landlord will be all that the worker at any industry can hope to get, and it will represent that minimum margin to which he will consent to be beaten down rather than go without the land.

What is the minimum margin?

The applicant for the land has a certain amount of capital (otherwise he could not be an applicant), and for this he knows he could get interest, and he also has the capacity to work. Consequently, the least he will determine to keep will be what he could earn as a labourer, plus the interest he could get on his capital. Actually (except in the case of the poorest competitors for the smallest and worse farms) it will be something rather more than this, for his capital, such as it is, gives him a certain advantage in the position. He and his competitors being none of them in danger of immediate want, and therefore not pressed by necessity, will have a tendency to hold back in the bidding when it begins to run high, and to cling to something more than the closeness of the competition might seem to demand; and the larger his capital the greater will be his advantage, not only because of his greater power and stronger inclination to hold out for better terms, but also because the men of sufficient means to require a large farm, such as he wants, are fewer in number, and the competition in every way less keen and forced. Hence the smallest and worst farms are always the highest rented, which is only another way of saying that the profits on them are smallest.

Still, be the farms large or small, competition will always force rents up, and therefore profits down to the smallest return the average applicant of his class will consent to accept rather than go without the land.

Land, as we have said, is the basis of all industry, and agriculture is the fundamental industry.

Everyone recognises this; and in view of the hard struggle and hand-to-mouth existence of the farmer, all sorts of projects are proposed to ameliorate his lot.

One party advocates protection, another the lightening and equalising of taxation, another cheapness of labour by assisted immigration (making the labourer the scapegoat), another pins its faith on railways, and so on.

Of these proposals some are good, some bad; but their effects, whichever way they tend, will not, except for the moment, affect the farmers' profit one way or the other.

Let us suppose protection to be the true policy, and raising the price of some particular article by a duty, say meat, see what the result would be.

The rise of price in meat will produce two opposite effects. It will immediately injure one class of farmers and benefit another. Those who by reason of distance from market, unsuitability of their land for grazing, or its still greater suitability for something else, do not fatten stock, notwithstanding the rise in price (and these will be a very large number), will suffer a distinct appreciable loss in increased household expenses and increased cost of feeding their men, without any advantage to set off; while those on the other hand, with land specially adapted for grazing, who already made a profit by it, will make a larger profit still; and those on land passably suited for it, who formerly made their profit by something else, may, perhaps, change their system, and make their profit by grazing instead of by those other things.

But the point is, that after the first start neither those who gain nor those who lose will be any the better or the worse off for their gain or loss, because at the first renewal of their lease they will transfer the gain or loss to their landlords.

For so long as all the land of the country is in the hands of

a comparatively few, so that there are more farmers wanting farms than there are farms for them to have, so long will competition force land values up to their maximum, and rent will mean to the farmer the utmost that he can see his way to giving for the land rather than go without it and let another take his place.

But for the very reason that competition is thus already at its full stretch, it cannot be stretched any farther, and those farmers whose narrow margin of profit is trenched on by their increased expenses consequent on the rise in meat will insist on having that margin restored, and they will be able to carry their point; for they were already giving full value for their farms, and their farms (since they produce no more and yet cost more to work) are now worth less, less not only to the present occupants, but to anyone else who might want to take their place; therefore, the landlords cannot play off one against another, and so must accept reduction.

Conversely, where profits on land already profitable for grazing have been increased by the duty, those lands will have become just so much more valuable, and will fetch so much more rent.

So, if you make a railway to every farmer's door, you would simply make the land more valuable. Compare those districts that have railways with those that have none. In the former you will see a greater population; probably more cultivation, certainly higher rents, but no higher farm profits; for where the carcase is, there will the eagles be gathered together; where returns are high, thither will competitors flock. There may be no actual bidding against each other among the applicants, but this is only because the landlord will kindly take that trouble off their hands. He will put up the rent as high as he thinks he can—too high at first, perhaps—if so, his vacant farm will soon cause him to correct his error; but whatever the process, the result will be the same.

So, if by assisted immigration, you reduce the cost of labour by half, or if by mechanical inventions you enable the farmer to do with half the number of men (which would come to much the same thing to him), you would be simply reducing the cost of working the land, and so increasing the return to be got out of the land, and so increasing the value of land, and so raising rents.

One after another labour-saving appliances have been introduced within the last 20 years; double-furrow ploughs, reapers and binders, horse rakes, steam threshers, without improving the condition of the farmer in the least. Never have there been so many aids and appliances to industry as there are now, and never has the struggle of the farmer been more severe.

So if you lightened taxation, or even abolished it altogether, it would make no difference to the farmer, beyond the moment. At present some leases stipulate that the landlord shall pay all rates; others that the tenant shall pay them; others again that each shall pay half, but it is all a mere adjustment of rent. The more taxes the less rent, and *vice versâ*.

If the farmer pays more rent it is because he has to pay less taxes, and whether this is owing to the landlord paying them, or to there being none to pay, makes not the least difference to the farmer.

So if nature herself instead of the mere instruments of production were improved; if the soil were suddenly doubled in fertility; if the sun could be got to shine and the rain to fall exactly when and where it was wanted; if all weeds and plagues were abolished, it would come to the same thing, and for the same reasons.

The Press is continually preaching that the fault of things all lies with the farmer. He should be more industrious or more provident, he should know something about chemistry,

he should buy the best appliances, and use the most advanced methods. It is very good advice in its way, perhaps, but it does not touch the question in the least.

If you passed every farmer through a technical college, if by a network of meteorological stations and commercial agencies you supplied him every day with a forecast of the weather, and the state of the markets, if you supplied him gratis with all the best machinery, if you trained him in habits of industry and economy, foresight and skill, till you made him as much superior to what he now is as a steam thresher is superior to a flail, you would enormously increase his efficiency no doubt, but you would not add one farthing to his profits. The whole benefit would go as before to the landlord, and for the same reasons. You would not have eased the pressure of competition, but only have put it into the power of every competitor to offer more. Still as before, rent would mean the utmost the farmer could be forced to bid for the land rather than go without it.

Granting that there are many things that swallow up much of the surplus that would otherwise come to the farmer; heavy taxes, injudicious laws, bad roads, scarce labour; all these matter nothing (as a great writer says) so long as behind them stands something which swallows all that is left. So long as that something stands waiting with open mouth, abolishing any of these only leaves so much more for it to swallow.

Some people shrink from these conclusions saying, "It is a hard doctrine" (as if truths could be dodged by shrinking from them).

Others say that the remedy is the fixing of a fair rent.

But what is meant by a fair rent?

If Brown objects to his present rent of £100, saying it is too high, and should be reduced to £80, and yet Jones is standing by prepared to give £100, why should the rent be reduced?

Why should Jones be forbidden to have what he is ready to give £100 for, in order that Brown should have it for £80? It is fair neither to Jones nor to the landlord, whatever it may be to Brown.

What would Brown think if Jones objected to pay the 5s. for his wheat that he had agreed to pay, saying it ought to be reduced to 4s., when Smith is standing by ready to give 5s.?

In the open market a "fair price" has no meaning. Hudibras' saying still holds good that "The value of a thing is just as much as it will bring."

There is a remedy for this evil, and a very simple one, but it is not the fixing of a fair rent.

"But," it will be said, "all farmers are not tenants. Many own the land they occupy." True; but all that this proves is, not that the preceding remarks are incorrect, but that there is a certain class to whom they do not apply. For the present we will let the exception go for what it is worth. What I shall undertake to show by and by is that it is worth nothing.

But we shall have to present one or two other considerations at some length before we are prepared to deal fully with this. For the present we will let it stand over, only remarking that in farming tenants are the rule, occupying owners the exception, and that the exceptions grow steadily fewer year by year. Not only in Tasmania, but in all the other colonies, in the United States, and wherever, in short, land is recognised as absolute private property, the divorce between occupation and ownership is proceeding apace, and the very institution which was designed to secure to the producer the full fruits of his labour is becoming the means by which he is compelled to surrender them to another.

THE REAL SUFFERER.

As the landlord by virtue of his monopoly of the land holds the applicant for it at his mercy, so the applicant once in possession holds the labourer at *his* mercy.

The competition was first for possession of the land, it is now for employment on the land. The competition is in the one case open and direct, in the other disguised and indirect.

Labourers do not usually underbid each other for employment as tenants overbid each other for possession, but it comes to much the same thing as if they did. The more numerous the labourers in proportion to the work to be done, the lower the wages, and *vice versâ*.

If the landlords were to divide their land into as many pieces of equal value as there were applicants for it, and were to offer these pieces separately, there would be no competition to run rents up, and the landlord would have to take what he could get for it—a merely nominal rent.

To make money by his monopoly he must keep up its character as a monopoly; that is, he must offer his land in a single block, so to speak, and so compel competition.

And just as the landlord forces rents up by offering his whole land for one tenant's occupation, and so setting all to compete for the privilege of being that one, so the occupier in his turn forces wages down by employing as few labourers as he can, and so setting all to compete for the privilege of being among those few.

The secret of his power over the labourer is the same as that of his landlord over him. It is not in his capital as is generally supposed, but in his getting possession of more land than he can use by his own personal labour, and preventing other people from using it by their personal labour, except for his profit.

The landlord makes the occupier give him his money; the occupier makes the labourer give him his work.

In so far as the occupier can keep his wage expenditure below the general level by doing the same work with fewer men, or paying them less wages, he can retain the saving to himself; but in so far as he only succeeds in keeping down the general cost of labour, he is only keeping down the recognised cost of working the land, and so increasing the value of land, and so raising rent; and the result of his efforts (as a rule) is only to keep down the general level, for all are playing the same game, and any saving effected by one is soon copied by all, and absorbed in a general reduced cost of production, increasing the value of land and raising rent.

The productiveness of any industry—that is, the amount it adds to the general wealth, or to the material comforts and enjoyments of the people—is measured by the difference in value between the thing produced, and the materials used up in producing it.

Thus, if a carpenter in a day makes a door worth £1, using up 8s. worth of timber and nails in the process, the result of his work has been to convert 8s. worth of rough timber into 20s. worth of finished product, exhibiting as the measure of its productiveness a net increase of 12s. How this increase is distributed and applied—whether, being an independent artisan, the maker can keep it all to himself, or whether, being a hired servant, he must be content with his day's pay, leaving the surplus to his employer; whether he receives his share in advance or has to wait for it; whether he consumes it or saves it up—all these make no difference to the fact that the increase was 12s.

From which we can see that the maintenance of the labourer forms no part of the real cost of production, but only of *his* share, as distinguished from the employer's share, of the profit.

If he is working on his own account, and not for an employer, everyone sees that all that he gets for his work is profit, and his maintenance the use (or one of the uses) to which he puts that profit, just as an employer's maintenance is the use (or one of the uses) to which he puts *his* profit.

Or if the labourer, working for an employer, chooses to fast till his employer has realised the product, and paid him *out of that product* the wages agreed upon, again everyone will see that they are not cost but profit; the labourer's share and the employer's share being the two parts into which the total profit is divided.

But if instead of working for himself, or waiting and fasting, he arranges to receive in advance from his employer the value (or part of it) of that profit which he would have made if he had been working for himself, or the value of the wages he would have received *out of the product* if he had waited and fasted, still what he receives remains essentially the same, the profit and not the cost of the work. It is only the time and the manner of his receiving it that is changed; still, as before, the proposition holds good that wages (of which maintenance forms a part) is something to be added to employer's profit, not set off against it, in the national account, and that to reduce wages is not to increase the general profits of industry, but only to apportion a smaller part of it to the labourer, who is worst off and most in need of it, and so leave a larger part for the employer, the landlord, or some other person who is generally better off and less in need of it.

An industry that does no more than provide bare maintenance for a single man from day to day is to that extent a productive industry, a gain and not a loss, though it provide neither rent to a landlord nor profit to an employer.

An industry that provides not only for a man but for a family, is more productive still, a greater gain still, notwithstanding that it represents increased consumption.

One that not only provides bare maintenance, but comforts and enjoyments as well, is a still greater good and gain to the country—a cause for rejoicing, not regret. And yet, if labourers' maintenance and wages are, as is generally thought, the cost and not the profit of industry, all these earnings should be lamented as expense, and the greater the productiveness of any such industry as we have supposed, the greater the loss to the country.

The proceeds of labour, generally speaking, are divided amongst three people, the labourer, the employer, and the landlord. No one reckons the landlord's or the employer's maintenance as part of the cost of production, and yet they persist in reckoning the labourer's as such. Relatively, to the employer, it may be, but absolutely, to the country, it is not. However, this is but a side issue, of small consequence to my main purpose, so we will pass on.

The employer always has to wait for his share till the product is realised, while the labourer generally, and the landlord sometimes, receives his in advance; and the employer sometimes makes a miscalculation and gives more to the landlord in rent, or to the labourer in wages, than a due regard to his own profit would warrant; or the enterprise may miscarry, and there may be no interest to divide, or to make good what he has advanced. But such miscalculations and failures do not affect the general proposition that, taking industry as a whole, wages, profits, and rent are the three different portions into which its proceeds are divided. And since, as we have seen, the competition for possession of the land keeps profits down to a minimum, either rent will be determined by wages, or wages by rent; that is to say, the larger the share of the proceeds the labourer gets, the less will there be left for the landlord, and *vice versâ;* but as the landlord owns the land, he is master of the situation, and rent determines wages.

But to say that rent determines wages, is to say that rent

devours wages. The labourer gets so little because the landlord gets so much.

[NOTE.—I have adopted the division into rent, wages, and profits, instead of into rent, wages, and interest, because though less scientifically accurate, it is sufficiently accurate for my present purpose, and enables me to keep my subject within more manageable limits.]

Rent devours wages.

Suppose the labourer to ask for a rise and the farmer to refuse, on the ground that he cannot afford it.

But presently something happens. A railway is made or a mine opened in the neighbourhood, or some improved process enables a greater yield to be obtained at the same cost, and there is now an appreciable surplus. The labourer comes forward again and says, "You can afford it now."

"Unfortunately, no," replies his employer. "I might have done so, but my lease is nearly up, and these advantages you refer to having made the land more valuable, my landlord has notified that he means to raise the rent; and as there certainly is a greater surplus available for rent than there was, I must give it, for if I don't someone else will; and so, as far as I am concerned, the surplus you calculate upon has vanished."

In short, whenever there is an increase in the productiveness of industry creating an additional surplus, and the labourer stretches forth his hand for a share of it, the landlord pushes him aside, and takes it all himself; but as he keeps well out of sight in doing so, using the employer as his instrument, his action is not perceived. And as it is in the present so it has been in the past. Inventions and discoveries have within the last century doubled the productiveness of industry over and over again, but the labourer has no more benefited by them than the employer has. The increase has been enormous, but in the primary industries at any rate, the landlord has taken it all.

But some will say, "The labourer's exertion is a fixed quantity. The increased productiveness of his industry is in no degree due to himself, but to the improved appliances he works with, and, that being so, the person who supplies these appliances—that is, the employer—has a right to the increase."

There is enough *primâ facie* appearance of reason in this to have made it worth discussing if the employer really got it, but he does not. He gets interest, no doubt, on the additional expense he has incurred in procuring the appliance, but he gets none of the increase of wealth due to the increased efficiency of labour when aided by the appliance, (once the appliance has come into general use); that where it does not go in reduced price to the consumer as we have seen goes to increase the value of land and raise rents, and while the employer does not gain, the labourer in most cases actually loses; for the usual result of labour-saving inventions, in the primary industries at any rate, is not that the employer retains the same hands to do more work, but that he discharges some of his men and does the old amount of work with fewer hands.

It is the landlord, who has neither invented, nor supplied nor put to use the appliances, who gets the benefit of them.

To see that it is rent that devours wages, look at it another way.

Suppose the labourers, demanding an increase and being refused, were to say, "Well, in six months we shall strike, so look out; meanwhile we shall prepare for the struggle." So they save money, subscribe funds, and organise; and at the time appointed present themselves, provisioned and prepared.

What would happen?

Would the farmers refuse, and so all industry cease, or would they consent to pay more than they could afford and go bankrupt?

Neither of these things would happen. The farmers would

simply turn to their landlords and say, "You see how it is. We cannot afford higher wages, and the labourers won't work without them. Accept a reduced rent, or we throw our farms on your hands."

What could the landlords do? Their rents are determined by competition, and here is competition suddenly come to a stop. They must make the best of the situation, and accept the reduction.

And so industry would go on as before, and the farmers make the same profit as before. All that would have happened is that labour would have gained a march upon monopoly, and the labourer have wrested from the landlord a part of the blackmail he was accustomed to pay.

For it is the labourer from whom it is wrung. It is by keeping down wages that the landlord thrives. The employer is merely the instrument, who, for a consideration cut down by competition to the lowest figure, undertakes all the trouble, the risk, and the odium of the squeezing.

The price of labour, like the price of everything else, is determined by supply and demand, and it is said that if employment is scarce it is because there is not profitable employment on the land for all. Ah! but profitable for whom? For the labourers, for the country, or for one or two privileged people?

Here is a farm, selected from the assessment roll of this district as a fair sample of a so-called agricultural farm, consisting of 640 acres and rented at £150. It keeps, I believe, at the outside, two men at work the year round; any other applicants for employment being dismissed with the formula, "No work for you."

Two men to a whole square mile! And this on a farm within 15 miles of the port of Hobart, and containing hardly an acre unfit for cultivation.

All the produce that comes off this farm has to be raised

by the labour of these two men, and must realise over and above their wages and keep and all collateral working expenses, a surplus of rent, £150; rates and taxes, £20; employer's profit (say), £100; total £270; being a profit of £135 from each man. No man, in short, is allowed the opportunity to earn a living on this square mile of cultivable land unless he produces, over and above the supply of his own modest wants, a net annual surplus of £135 to hand over to somebody else.

If employment is restricted, it is land monopoly that restricts it.

It is not that there is not abundance of land to use, abundance of use to put it to, and abundance of profit to be made from it, but that the tendency of monopoly is to keep hungry mouths off rather than to take willing hands on. It is naturally concerned only to get as big a share as possible to itself, and is not concerned whether other people have a chance to get a share or not.

The occupier will not engage more men than he can help.

But suppose his hand is forced.

Suppose the Trades Unions were to change their tactics (as they may do any day), and instead of trying to restrict the field of employment, were to undertake to extend it. Suppose a Trades Union of farm labourers were to say to the farmer, "You have been accustomed to employ two men only on this farm. Well, not a man shall take service with you unless you undertake to engage four, and at the same wages."

Does anybody doubt that the two extra men could produce more than they consume and use up, and so be productively employed? And if the net surplus to hand over to the landlord were less, why, he would have to take less.

The earnings of the two extra men, reckoning their wages and keep only, would be £100 a year, and if that left a surplus of £20 less for the landlord, there would still be £80 to the good. For, as I have elsewhere pointed out, the labourer's

maintenance (much more his whole earnings), so long as he replaces what he receives, is not cost of production but profit; —the labourer's share of it. If an industry does nothing more than maintain one man continuously, it is to that extent productive.

But the landlord's position is too strong for him to stand in much fear of such combinations as these, and the whole tendency of affairs is to increase his power.

The landlords as a class get more, without the least exertion, outlay, or risk, out of the labour of the community than they could if the whole working community were their slaves.

PROLETARIANISM *V.* SLAVERY.

Suppose I own a sugar estate and 100 slaves, all the land about being held in the same way by people of the same class as myself.

It is a profitable business, but there are many expenses and annoyances attached to it.

I must keep up my supply of slaves either by breeding or buying them.

I must pay an overseer to keep them continually to their work with the lash. I must keep them in a state of brutish ignorance (to the detriment of their efficiency), for fear they should learn their rights and their power, and become dangerous.

I must tend them in sickness, and when past work.

And the slaves have all the vices and defects that slavery engenders; they have no self-respect or moral sense; they lie they steal, they are lazy, shirking work whenever they dare;

they do not care what mischief their carelessness occasions me so long as it is not found out; their labour is obtained by force, and given grudgingly; they have no heart in it.

All these things worry me.

Suddenly a brilliant idea strikes me. I reflect that there is no unoccupied land in the neighbourhood, so that if my labourers were free they would still have to look to me for work somehow.

So one day I announce to them that they are all free, intimating at the same time that I will be ready to employ as many as I may require on such terms as we may mutually and independently agree.

What could be fairer? They are overjoyed, and, falling on their knees, bless me as their benefactor. They then go away and have a jollification, and next day come back to me to arrange the new terms. Most of them think they would like to have a piece of land and work it for themselves, and be their own masters. All they want is the few tools they have been accustomed to use, and some seed, and these they are ready to buy from me, undertaking to pay me with reasonable interest when the first crop comes in, offering the crop as security. As for their keep, they can easily earn that by working a few weeks on and off on any of the plantations, or by taking a job of clearing, fencing, or such like. This will keep them going for the first year, and after that they will be better able to take care of themselves.

But "Softly," I observe, "you are going too fast. Your proposals about the tools and seed and your own maintenance are all right enough, but the land, you must remember, belongs to me. You cannot expect me to give you your own liberty and my land too for nothing. That would not be reasonable, would it?" They agree that it would not, and begin to propose terms.

A fancies this bit of land and B that. But it soon appears

that I want this bit of land for my next year's clearing, and that for my cows, and another is too close to my house, and would interfere with my privacy, and another is thick forests or swamp, and would require too long and costly preparation for men who must have quick returns in order to live, and in short, that there is no land suitable that I care to part with. Still I am ready to do what I promised—"to employ as many as I may require, on such terms as we may mutually and independently agree to." But as I have now to pay them wages instead of getting their work for nothing, I cannot of course employ quite so many of them. I can find work for ninety of them, however, and with these I am prepared to discuss terms.

At once a number volunteer their services at such wages as their imagination has been picturing to them. I tell the ninety whose demands are most reasonable, to stand on one side. The remaining ten look blank, and seeing that since I won't let them have any of the land, it is a question of hired employment or starvation, they offer to come for a little less than the others. I tell these now to stand aside, and ten others to stand out instead. These look blank now, and offer to work for less still, and so the "mutual and voluntary" settlement of terms proceeds.

But, meanwhile, I have been making a little calculation in my head, and have reckoned up what the cost of keeping a slave, with his food and clothes, and a trifle over to keep him contented, would come to, and I offer that.

They won't hear of it, but as I know they can't help themselves, I say nothing, and presently first one and then another gives in, till I have got my ninety, and still there are ten left out, and very blank indeed they look. Whereupon, the terms being settled, I graciously announce that though I don't really want any more men, still I am willing (in my benevolence) to take the ten, too, on the same terms, which they

promptly accept, and again hail me as their benefactor, only not quite so rapturously as before.

So they all set to at the old work at the old place, and—on the old terms, only a little differently administered; that is, that whereas I formerly supplied them with food, clothes, etc., direct from my stores, I now give them a weekly wage representing the value of those articles, which they will henceforth have to buy for themselves.

There is a difference, too, in some other respects, indicating a moral improvement in our relations.

I can no longer curse and flog them. But then I don't want to; it's no longer necessary; the threat of dismissal is quite as effective, even more so; and much pleasanter for me.

I can no longer separate husband from wife, parent from child. But then again, I don't want to. There would be no profit in it; leaving them their wives and children has the double advantage of making them more contented with their lot, and giving me greater power over them, for they have now got to keep these wives and children out of their own earnings.

My men are now as eager to come to me to work as they formerly were to run away from work.

I have neither to buy nor to breed them; and if any suddenly leave me, instead of letting loose the bloodhounds, I have merely to hold up a finger or advertise, and I have plenty of others offering in their place.

I am saved the expense and worry of incessant watching and driving.

I have no sick to tend, or worn-out pensioners to maintain. If a man falls ill, there is nothing but my good nature to prevent my turning him off at once; the whole affair is a purely commercial transaction; so much wages for so much work. The patriarchal relation of slave-owner and slave is gone, and no other has taken its place.

When the man is worn out with long service, I can turn him out with a clear business conscience, knowing that the State will see that he does not starve. Instead of being forced to keep my men in brutish ignorance, I find public schools established at other people's expense to stimulate their intelligence and improve their minds, to my great advantage, and their children compelled to attend these schools.

The service I get, too, being now voluntarily rendered (or apparently so), is much improved in quality.

In short, the arrangement pays me better in every way.

But I gain in other ways besides pecuniary profit. I have lost the stigma of being a slave-driver, and have acquired instead the character of a man of energy and enterprise, of justice and benevolence. I am a "large employer of labour," to whom the whole country, and the labourer especially, is greatly indebted, and people say, "See the power of capital! These poor labourers, having no capital, could not use the land if they had it, so this great and far-seeing man wisely refuses to let them have it, and keeps it all himself, but, by providing them with employment, his capital saves them from pauperism, and enables him to build up the wealth of the country, and his own fortune together."

Whereas it is not my capital that does any of these things. It is not my capital but the labourer's toil that builds up my fortune and the wealth of the country. My capital at the most only puts a few better instruments into his hands than he could procure for himself.

It is not my employment that keeps him from pauperism, but my monopoly of the land forcing him into my employment that keeps him on the brink of it. It is not want of capital that prevents the labourer from using the land, but my refusing him the use of the land that prevents him from acquiring capital. All the capital he wants (to begin with) is an

axe and a spade, which a week's earnings would buy him; and for his maintenance during the first year, and at any subsequent time, he could work for me or for others, turn about, with his work on his own land. Henceforth, with every year, his capital would grow of itself, and his independence with it; and that this is no fancy sketch, anyone can see for himself by taking a trip to our North-West Coast (Tasmania), where he will find well-to-do farmers who began with nothing but a spade and an axe (so to speak), and worked their way up in the manner described.

But now another thought strikes me. Instead of paying an overseer to work these men for me, I will make him pay me for the privilege of doing it.

I will let the land as it stands to him or to another, to whomsoever will give the most for the billet.

He shall be called my tenant instead of my overseer, but the thing he shall do for me is essentially the same, only done by contract instead of for yearly pay.

He, not I, shall find all the capital, take all the risk, and engage and supervise the men, paying me a lump sum, called rent, out of the proceeds of their toil, and make what he can for himself out of the surplus.

The competition is as keen in its way for the land, among people of his class, as it is among the labourers for employment, only that as they are all possessed of some little means (else they could not compete) they are in no danger of immediate want, and can stand out for rather better terms than the labourers who are forced by necessity to take what terms they can get.

The minimum in each case amounts practically to a "mere living," but the mere living they insist on is one of a rather higher standard than the labourer's; it means a rather more abundant supply, and better quality of those little comforts which are next door to necessaries. It means, in short, a

living of the kind to which people of that class are accustomed.

For a moderate reduction in my profits then (a reduction equal to the tenant's narrow margin of profit), I have all the toil and worry of management taken off my hands, and the risk, too, for, be the season good or bad, the rent is bound to be forthcoming, and I can sell him up to the last rag if he fails of the full amount, no matter for what reason, and my rent takes precedence of all other debts.

All my capital is set free for investment elsewhere, and I am freed from the odium of a slave owner, notwithstanding that the men still toil for my enrichment as when they were my slaves, and that I get more out of them than ever.

If I wax rich while they toil from hand to mouth, and in depressed seasons find it hard to get work at all, it is not, to all appearance, my doing, but merely the force of circumstances, the law of nature, the state of the labour market ;—fine sounding names that hide the ugly reality.

If wages are forced down, it is not I who do it, it is that greedy and merciless man, the employer (my tenant), who does it. I am a lofty and superior being, dwelling apart and above such sordid considerations. I would never dream of grinding these poor labourers, not I ! I have nothing to do with them at all, I only want my rent—and get it. Like the lilies of the field, I toil not, neither do I spin, and yet (so kind is Providence !) my daily bread (well buttered) comes to me of itself. Nay, people bid against each other for the privilege of finding it for me ; and no one seems to realise that the comfortable income that falls to me like the refreshing dew is dew indeed, but it is the dew of sweat wrung from the labourer's toil. It is the fruit of their labour which they ought to have ; which they would have if I did not take it from them.

Is this caricature ?

Take the farm of 640 acres before referred to, rented at

£150, and keeping two labourers. Could I, the landlord, make £150 a year net profit out of the labour of these two men if they were my slaves, and the tenant my hired overseer, working them under the lash? I trow not.

I should have to pay him about £150 a year as overseer instead of getting it from him as a tenant, which makes £300 a year leeway to make up, to begin with. I should have to find all the capital which he now finds (practically) for my use; to run all the risks where I now run none; while the men, working in sullen discontent, would not produce near as much as they do now. No, thank you! If the lot were offered me as slaves for nothing, I wouldn't have them at the price. I get more out of them as things are, and I give absolutely nothing in return; all that I get is pure blackmail.

Some of these days the labourer will wake up to the facts of the situation. If the awakening be sudden and universal, he will seize the broom and make a clean sweep, taking small account of the beetles he may tread upon, or the crockery he may break. An awakening of this sort happened once in France, and we know what it was like. He had terrible wrongs to avenge, and he went mad over them, and in his madness committed great crimes; but where he swept he swept clean; the abuses he swept away have never shown their heads since.

But there was one abuse that he did not recognise to be an abuse, and so he left it standing—to his loss.

Next time he sweeps he will clear that away too.

There is small fear of his ever going mad over it again, for his knowledge, and the consciousness of his power are growing year by year; and by the time that he recognises the facts of the situation, and sees what the change is that is wanted, he will be strong enough to say calmly, "Let it be done"; and it will be done forthwith without violence or wrong.

LAND MONOPOLY NOT ONLY ABSORBS THE FRUIT OF INDUSTRY BUT ALSO HINDERS ITS PROGRESS.

This system of allowing any one person to obtain absolute ownership of as much land as he can get, and to use it (or not use it) in what way he likes, not only absorbs the fruits of industry, keeping down employers' profits and labourers' wages, and making life, to all who have to live by work, a struggle for existence, but it also restricts the field of employment, locking up the greater part of our resources from full productive use, and so hindering progress; and it can only secure its profit by so doing.

It is claimed in favour of the system that once the land is appropriated to an owner, it becomes that owner's interest to see that it is put to the most productive use; and that rent is the test of productiveness, since that form of industry that can offer the most rent must be the most productive.

Never was there a greater mistake. The man who can afford to give the highest rent is not he who can make the land produce most, but he who can secure the largest share of the produce to himself; and he can often more easily do this by keeping other people off the land than by engaging them to make it produce more; for more produce generally implies more hands to produce it, and more hands imply more claims to a share in the produce.

If by one form of industry (say sheep) I can make the land produce £100, of which I can can keep £70 to myself, I will evidently prefer it to another (say agriculture) by which I could make the land produce £200, but would have to pay away £150 to other people for their share in the work, and this none the less that it may take many times more land to produce the £100 than it would to produce the £200.

Here is an estate divided into five farms, each farmer employ-

ing two labourers the year round, and raising £400 worth of produce apportioned as follows :—

Direct assistance in the shape of wages to the two labourers, representing their earnings	£100
Indirect assistance in the shape of blacksmiths, saddlers, carriers' work, goods bought, and services hired of all sorts equal to the earnings of two men more	100
Rent	100
Profit to farmer	100
	£400

These five farms together, then, produce annually £2,000 worth of produce, and maintain 25 men with their families, viz., one employer, two labourers, and indirect assistants equal to two men more, to each farm; besides the landlord, who receives £500.

If now a stockbreeder sees his way, with the help of one man as shepherd and general assistant, to produce £800 worth of wool and fat sheep off the five farms lumped together, he can offer £550 rent (£50 more than the five agricultural farmers put together), and yet, after paying £50 to his man and £50 more for such goods and services as he may require (representing the maintenance of another man), keep £150 for himself (half as much more than any of the agriculturists). His offer of course will be accepted, and the five agriculturists with their retainers will all have to go.

The amount of produce raised from the land will be only £800 instead of £2,000, and the number of men (with their families) will be three instead of 25.

The productiveness of the land will have been reduced to less than half, and the population to about $\frac{1}{2}$.

But suppose the land, instead of being apportioned amongst five farmers, producing £400 and paying rent £100 each, had been divided amongst 100 cottier labourers, producing only £50 of produce and paying £3 rent each.

Then the land would have been producing £5,000 worth of produce instead of £2,000, and maintaining 100 men (with their families) instead of 25; but inasmuch as the landlord would only have been receiving £300 rent, this arrangement would have been even more certainly and speedily outbid and swept away than that of the five farmers.

"But the 100 cottier labourers could not have turned the land to account if they had had it."

Could they not?

Here is a market garden, there an orchard. The owner in each case, a man of means, making a handsome income by the labour of a few men with common spades and hoes. Would the land yield any less, or the produce be worth less if these labourers were working it for themselves instead of for an employer?

Could they not buy all the tools they want by merely saving up a week or two's wages?

Could they not turn any proportion they liked of their produce into bacon, eggs, poultry, butter, things for which the demand is practically unlimited?

Could they not sell for less, if need were, than an employer, and yet thrive, seeing that wages alone would satisfy them, while an employer must make a good profit over and above their wages? But as we have seen, the whole surface of the earth (so to speak) is parcelled out amongst a body of monopolists, who will not allow the labourer to produce anything unless he produces a large surplus over and above for their enrichment.

While the landlord gets all the profit (so to speak) of the men's work, the occupier gets all the credit. *He* is the producer. The men are merely the tools he works with, like the spades and hoes.

Producer! He produces nothing. It is the labourers who

produce all, only, as he holds the land, he will not allow them to produce, except for his profit.

There is not a shilling of his income that is not due to their labour.

If he decides to apply manure, they fetch and spread it; if he keeps the ground clean and well worked, it is their arms that do it; when he sells his produce, it is they who gather and deliver it.

I count it nothing that he finds the tools; that he arranges the work; that he keeps the accounts; that he takes the risk. I count as nothing anything he does which the men could do just as well for themselves, and they could do all these things.

"Then why doesn't the labourer get the land and do it?"

Who will sell him the three or four acres he requires for any price within his means? Near a town the labourer would have to pay £20 to £100 an acre, in the country no estate owner will sell him what he wants except at an extravagant fancy price, hardly at any price at all. Owners do not like to cut pieces out of their estates, nor to have small independent settlers about them. They would rather sacrifice something generally to keep them out.

They will *let* the land no doubt sometimes, but not only do they usually ask an extravagant price as rent directly a small piece of land is asked for, greatly in excess of what they could make off it themselves, but they offer no security of tenure, no guarantee for improvements.

What heart will the labourer have in effecting the high cultivation which his system demands when he may be turned off at any time at short notice? How can he plant a tree when he has no certainty of ever gathering the fruit? How build himself a dwelling when he knows it can never be his home?

How can he throw his heart into his work with the shadow

of an irresistible hand ever over him ready to turn him out and confiscate his improvements whenever self-interest, caprice, or a change of ownership so determines?

Here is explanation enough why the labourer is not in possession of land, but there are other reasons still which it is not necessary here to stay to consider.

I shall be told, though, that the term "most productive" does not mean producing the greatest bulk or weight or even the greatest gross value, but the greatest net profit.

Quite true; but profit to whom? To one particular person only, or to all engaged in it?

Take the case of a farm—

The earnings of all the blacksmiths, saddlers, importers, carriers, etc., who assist the work, as well as of the labourers who carry on the work, are as much net profit as the earnings of the farmer who conducts the work.

All alike represent services rendered in furthering the work, the production of a crop; and for all alike there can be no return from the work till the work is finished, till the crop is gathered.

But as there would be great inconvenience if all had to wait for their returns till the work was finished, an arrangement has been naturally fallen into by which, while the work is divided amongst many, the control, the responsibility and the risk are concentred in one, the farmer, who advances to each his share, by giving him what is supposed to represent the value of his service, and makes what he can out of the surplus.

The profit of the crop is the gross value of the crop less the seed, manure, and other goods consumed, and wear and tear of tools; all the rest represents profits apportioned amongst a number of people, some of whom receive their share in advance, and others have to wait.

The profit made by the manager of the enterprise (the farmer) no more represents the productiveness of the enter-

prise than the salary of Mr. Manager Kayser represents the productiveness of Mount Bischoff. All that the farmer's or manager's profit represents, is that share of the produce which the competition of his class for the office of farmer or manager compels him to be content with.

Our habit of estimating the productiveness of every industry by the profit of one person only out of the many concerned, viz., the employer, is about as sensible as if we estimated the size of a building by the size of a particular brick in it.

That industry is the most productive which converts raw material into finished product to the greatest value and in the shortest time, and the greater the number of people who are engaged in it, and the larger the share of the proceeds that each can get the better; but the tendency of land monopoly is to allow as few people as possible to take part in the work, and to let them get as small a share of the proceeds as possible; for in the eyes of the monopolist, whether owner or occupier, other people and their earnings are merely so many expenses to be kept down.

As the landlord's interest is for each to own as large a portion of the earth's surface as possible to the exclusion of other people, so that competition for its possession shall be stimulated and rents forced up, so the interest of the occupier is for each to cultivate as small a portion as possible, so that the field of employment may be restricted and wages kept down.

If each occupier were to put to full productive use all the land in his possession, the demand for labour would run wages up, and so, though the production of wealth would be enormously increased, it would be divided amongst a much larger number of people in much larger shares, leaving less for himself; but by shutting out say 9-10th of his land from full productive use and inviting employment on the 1-10th, only the field of employment is narrowed and wages are kept down.

It is true, as we have seen, that though he gets the profit of

this he cannot keep it, the landlord taking it from him. Still the necessities of his position compel him to try to get it, and in this way.

I do not say that either landlord or occupier acts in this way of set design. Each simply acts for his own interest in what he would call a "practical" way; that is, he guides his conduct by results, without troubling himself how the results are brought about.

The landlord, for instance, lets his land in such sized pieces as he finds fetch most rent (that is in large pieces) without caring why pieces of such size fetch most rent, and, therefore, without being conscious that the reason is that by this means its character as a monopoly is kept up and competition for it stimulated, though of course in particular cases it may be his interest to do the opposite.

Similarly the occupier keeps most of his land under natural pasture, and only cultivates a small part, the best, because the larger part so used, though it yields much less, costs him nothing; and so he gets all the profit there is, and does not see, or care to see, that it is his keeping this larger part out of cultivation, that by restricting the field of employment and so keeping wages down enables him to secure to himself the fruits of the labourer's toil on the part he does cultivate.

In Great Britain this abuse by which the rights of the many are sacrificed for the profit of one has been carried to such an extent that whole counties have been nearly depopulated; and districts in the Highlands that, as Geo. Macdonald tells us, once turned out 1,000 fighting men, now only carry a few gamekeepers.

The children of the soil have had their dwellings burnt down before their eyes, and they themselves have been driven forth in thousands to emigrate to distant lands, to crowd into the already overcrowded cities, or, as in some cases, to die on the mountains; not because they could not pay their old

accustomed rent, but because a foreign millionaire offered the landlord more for the privilege of turning the country into a wilderness to shoot deer in than they could give for the bare permission to live.

A system that permits such atrocities is self-condemned.

As to Ireland, her population has within half a century sunk from 8 millions to 5 millions, though knowledge and invention have within that period so increased the productiveness of industry that it ought to have risen to 16 millions; and yet the cry is still that it is over-populated, and her sons have to emigrate by thousands yearly.

But to see the fruits of land monopoly in hindering industry and keeping down population we need not go out of our own island.

Within five miles of this is an estate that was once called the granary of Tasmania. It is now a sheep run.

First came the absentee landlord, who, living 12,000 miles away, cared nothing for his estate, but to squeeze all he could out of it.

Next came a worse form of landlordship still, a landlordship of trustees, in which the very possibility of a personal interest was destroyed, and under which the estate fell into worse and worse condition, houses in ruins, fences falling to decay.

Last came the kind of landlord, on whom so many pin their faith, the occupying landlord, and he swept all the farmers off the land, and turned it into a sheep-walk.

I am not blaming him. He acted on his strict legal, and in one sense equitable, right. The law allowed, and we may say encouraged, him to buy the land in absolute possession to do with it absolutely as he liked, and he naturally liked to do with it in the way that paid him best.

It is the system, not the individual, that we denounce.

But to judge of the system by such cases as these is to get a very inadequate idea of the evil of it. To get a true idea of

this we have to consider the cases not only of cultivation stopped that was already in existence, but of cultivation prevented where it has never been allowed to come into existence at all. The holders of such lands are only doing what everybody else does, and has a recognised right to do, making the most they can for themselves out of their capital; and their land, though land is not capital, is *to them* the same thing as capital; it is what they have exchanged so much capital for, and from which, therefore, they have a right to draw the best profit they can in the way that seems best to them.

The wrong was in allowing them to acquire this right—in selling the people's birthright for a mess of pottage—in giving over, for the trumpery consideration of £1 an acre or so, to any purchaser the legal power to exclude the whole human race from as large a portion of the earth's surface as he chooses to buy.

William I. was considered a cruel despot for turning all the inhabitants out of what was afterwards called the New Forest to make himself a hunting-ground, but the landlords in this free self-governed country could do the same thing to-day with the whole of Tasmania if they liked, and call in the officers of the law to help them to do it.

I am myself a representative of the system I denounce. I might sell, no doubt, and so get out of it; but what good would that do? that would be only to change one landlord for another, a landlord who at least sees and deplores the evils of the system for one who probably does not recognise or care about them at all. I can serve the good cause better in a number of ways by staying in than by going out—amongst other ways, by affording one standing example of a landlord pleading for land nationalisation and offering his own land, or so much of it as may be wanted as the first to be taken for the purpose at its actual value, as may be decided, on whatever system may be adopted.

REVIEW OF THE SITUATION.

Let us review the situation.

Here, in the primary industries, are farmers running rents up to the point at which they can barely make both ends meet; temporary outsiders—men who have been outbid, vainly looking out for a farm for months, and forced to take one at last on almost any terms; permanent outsiders—men brought up to farming and thoroughly understanding it, but squeezed completely out of the competition, who are now dealers, butchers, one thing to-day and another to-morrow, scraping up a living as best they can.

And as profits in the secondaries are determined by profits in the primaries, the state of affairs is the same in these.

Here are traders, half as many again as are wanted in every township, running each other down in prices, touting for custom with travelling agent and flaming advertisements, giving reckless credit in their scramble for customers, and every now and then the weakest breaking down and falling out of the ranks only to be succeeded by fresh aspirants trying to force themselves into the throng, and each with capital more or less, which he is eager to invest in the business he is trying to secure.

This in a country not a century old, containing barely six inhabitants to the square mile, a country with resources that its press and public speakers are never weary of extolling, a country containing more natural resources than countries with ten times its population, with tens of thousands of acres fit for cultivation and untouched, with timber in such quantities that we pile it in heaps and burn it to get it out of the way, with minerals in abundance, with fish in our seas, with an equable climate, with everything in our favour;

and yet men struggle for employment and capital bids for investment.

Surely if we saw half a dozen men in a 10-acre field struggling for room and gasping for breath, we should think it a strange spectacle, and wonder what it meant; and yet it would not be a bit more strange than our own condition, and not half so interesting.

For the production of wealth there are but three factors required, land, labour, and capital. Strictly speaking, two only; land and labour (=matter and force), for capital is but the product of labour accumulated. Still it is customary to reckon the three, so we shall continue to do so.

Which of the three is it that is wanting to us?

Is it land? The question is absurd. The land lies all around us crying out to be used.

Is it capital? There is not an enterprise put forth offering good promise for which capital is not forthcoming in abundance. Whether it be a brewery, a trusteeship company, or a mine, the shares are snapped up at once; not to speak of that other capital without practical limit across the water ready to pour in at the slightest encouragement.

Is it labour? Why, the very essence of our complaint is that people are struggling for work to do, not work languishing for want of people to do it.

What are chiefly the resources that we talk so much about? Surely not the untrodden forests beyond the farthest roads; not the minerals we suspect but have not yet located; not the inaccessible and the undiscovered; but the resources that lie all about us, visible to the eye and palpable to the touch; the occupied lands with roads through them and houses on them of which a mere fraction has been cleared, the cleared lands of which a mere fraction is cultivated, the cultivated lands that, tilled in the roughest fashion, yield but a fraction of what they might be made to yield.

It is not the want of land on the one hand, or of labour and capital on the other that is the matter with us, but the artificial barrier of monopoly that keeps these factors apart.

We spend vast sums in roads and railways to open up new land, and as fast as we open it up we sell, for a paltry £1 an acre or so to anyone who applies, the right of shutting it all up again if he likes, with the certainty that he will like to shut up the greater part of it.

We try to import labour and entice over capital. Labour and capital! into a country where labour (that is people trying to earn a living) is struggling for every opportunity to live, and capital has burnt its fingers so often by rushing into rash ventures that it hangs back disheartened.

Labour and capital! As if the way to ease the pressure of a crowd was to squeeze more people into it.

Break down the barrier that confines the crowd, and let it spread, and then if there is room for more, more will come of itself, more both of labour and capital, only too glad of the chance.

How can labour or capital find employment when every national resource is in the hands of some monopolist who has got hold of other people's shares as well as his own, and puts the greater part of it to the mere mockery of a use, while for the rest he either frightens enterprise away by his extravagant demands, or forcing competition, runs his blackmail up to the uttermost the user will give, so that new-comers, if you had them by the thousands, would not offer more; and if they did, could only get in by displacing others.

Take any natural advantage you like to name—extent of area, mineral deposit, or commanding situation—and what is not in reasonable use already is either locked up for sheep or barred by extravagant demands for royalties or paid-up shares; or, if in use, is let out for the uttermost it will fetch.

We have now reached the point at which we can take up the objection, previously postponed, that "all farmers are not tenants," and the implication that were they all to own the land they occupy, objections must vanish.

But it ought to be clear by this time that if all existing landlords were swept away and all the land in use confirmed absolutely upon the occupiers, things would be no better than they are now.

For the evil that weighs upon society, hindering progress, forcing down earnings, and making life to all who have to live by work a struggle for existence is the monopoly of the land; and whether it is A or B who monopolises it, is of no consequence to anybody but A and B.

Wherever one man is allowed to acquire more land than he can use by his own labour for the purpose of preventing other people from using it by their labour except for his profit, that man is master of the situation, and the class of which he is the representative has the world at its feet. And whether the monopolist turns his monopoly to account as an occupying owner by working the labourers for his profit directly, or as a non-occupier by selling to somebody else (called a tenant) for a yearly payment (called rent) the privilege of working them, is a difference not worth talking about.

Indeed, if the system is to go on, it is better, in some respects at any rate, for society at large and the labourer in particular, that the owner and the occupier should be separate persons.

For where the land is in the hands of a mere tenant he is forced to put it to sufficiently effective use, to make it realise enough to pay his rent over and above his own profit, whereas, as experience shows, when he has no rent to pay, he is often tempted to take things easily, and, working enough of the land to keep himself comfortable, put the rest to very poor use indeed in order to save himself trouble, expense, and risk.

This is by no means an unusual result of occupying ownership. There are many occupying owners who, having no rent to pay, yet make no more off their farms than other men not more competent, who have a good stiff rent to meet, and this merely because finding themselves able to make enough easily to keep themselves in the style they have been accustomed to, they do not trouble themselves to earn more.

And the easier the occupier takes matters, and the less use he makes of his land, the less employment there is for labour; the more wages and profits are kept down, the less raw material is there raised for the secondary industries to concern themselves with, the more difficult it is for carriers, artizans, tradesmen, and workers of all sorts to get a living, and the keener the struggle for existence all round.

No. King Log is worse than King Stork. The whole thing is a wrong from top to bottom; a legalised system of obstruction and blackmail; and what is wanted is to abolish the system, not merely change its representatives.

In Ireland they are trying to set matters right by simply changing the representatives. The existing landlord is to be bought out, or otherwise got rid of, and the existing tenant take his place; but the tenant, having superseded the old landlord, the monopoly of the land is to continue as before.

What difference will that make to the labourers who will still have to compete for the privilege of working for their employer's profit so much of the land as he graciously allows them employment on?

What difference to the thousands who have no land nor employment on the land, but are forced to struggle for existence because the land is not put to its full use?

What difference to the country whose natural resources are still left in the absolute power of a class whose interest it is to hold back the greater part of those resources in order to

narrow the field of employment, and so force wages and earnings down, and their own profits up?

Moreover, in about a generation, half the new landowners will have retired and become mere parasitic rent-chargers like the old ones, only of a much worse type.

A noble lord with the lingering sense of semi-feudal duties attached to landownership, and some responsibility for the welfare of his tenants, with the pride of an ancient line prompting him to scorn to do a mean action, with (frequently) the desire to be generous, and the long purse enabling him to be so, is far preferable to the new type proposed to be introduced—(the American and Colonial type) — the man who looks upon the land as a mere commercial speculation to make money out of, charging the very highest rent he can get, spending not a shilling more than he can help on repairs and improvements, recognising no more responsibility in regard to the land than in regard to his watch chain, and, being generally not over rich, not well able (even if he thought it at all incumbent) to make any remission in a bad season.

If we are to have landlords at all, let us keep up the old type of landlord, the noble lord with his wealth, his sense, however dim, of some responsibility, and his feeling of "noblesse oblige."

There is but one remedy for this great wrong, the NATIONALISATION OF THE LAND.

We in Tasmania, like our co-thinkers in other parts, have established a society for this purpose, *viz.*, for "the gradual nationalisation of the land as opportunity offers and public opinion ripens"; and my whole purpose in these pages has been to lead up to the elucidation and advocacy of our views, and to give notice and opportunity to all who may wish to join our ranks.

The State, gradually resuming possession of the land on equitable terms, is to apply the ever-increasing unearned

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increment to the reduction of taxation, and the multiplication of public benefits. The occupier is to become a State tenant, but on a tenancy that, while it secures to the State the full value of the land from year to year, and provides for its *bona fide* use, yet assures the tenant a perfect security of tenure and of the fruits of his labour, as if the land belonged to him.

The occupation of large tracts by a single person (except for temporary use in places where it is not yet wanted for other people) will be done away with, and the land eventually made so accessible to all that every person, even the humblest, shall have the opportunity, if he wishes it, of acquiring, within accessible distance of a market, enough land to make himself a home, and for the exercise of his own personal labour.

OUR PRINCIPLES AND PROPOSALS.

Our principle is that the legitimate use of the land is as an instrument of production, not as a means of extortion, and its possession to be permitted to secure to its possessor the fruits of his own labour, not the fruits of other people's.

Our aim is to break down the barrier that keeps the two factors of production, land and labour (the matter and force of industry), apart, and throw open to full productive use the resources of the country, to abolish the accursed monopoly that lives upon industry as the tick lives upon the sheep, sucking its juices and hindering its growth, and thrives, not by doing a hand's turn, or contributing a penny's worth for the good of society, but by getting possession of the means of existence, and making people pay for the permission to live; to appropriate the unearned increment of the future to the State, taking its vast and constantly accumulating wealth

from those who do not create it, and giving it those who do, by applying it to the reduction of taxation and the multiplication of public benefits; above all, though unfortunately not before all, to give the labourer access to the land, and consequently the *choice* between working for himself and working, for another, instead of, as at present, between hired employment and starvation.

This last, which should be first, we are obliged to postpone, because, till the labourer begins to recognise his rights, and to demand their recognition by the State, it is useless for others to move on his behalf. He must be his own deliverer. Others may point out the way for him to go, his must be the force to break down the barriers of vested interest and class prejudice that bar the way.

For the present we propose four simple measures only; not one of them representing any new or revolutionary principle, but giving principles already recognised and acted on a more extended application; not one of them seeking to confiscate the wealth of anyone, no matter how improperly that wealth may have been acquired; not one of them interfering with the course of industry, but on the contrary all together opening out a thousand fresh channels for it to flow in.

These four proposals are:—

1. That no more public land be alienated on any consideration.

2. That the State be empowered to retake possession of any particular land which may be required in the public interest, giving fair compensation for the land taken, and letting this land out in lots of limited size at a rent subject to periodical revision at stated intervals, and the rent raised as the value of the land (apart from its improvements) rises, or lowered if it should chance to fall, and to give the occupier the assurance of undisturbed possession so long as he fulfils the simple and reasonable conditions of his tenure (unless it should be re-

quired for a railway or some such very special purpose) with recognition of his right to the value of his improvements (if the land *should* be taken from him) at the time of the taking.

3. That it is the surface of the land only that is let for productive purposes; all mineral rights being reserved.

4. That the absorption by the State of the unearned increment on lands which it does not retake in possession be commenced by taxation on the unimproved value of the land, beginning with a moderate percentage, and gradually increasing.

This is all we propose for the present. For the future we will be guided by circumstances.

In regard to the first proposal—"That no more public land be alienated," the State already exercises its power of reserve, often over large areas, as in the case of mineral lands. We propose to apply it to all cases.

In regard to the third—"The reservation of mineral rights," the practice of reserving rights in letting land is so common that nothing further need be said about it.

In the case of minerals being discovered, the State could either let by tender the right of working them, compensating the occupier for loss and disturbance, or could leave them to be worked by the occupier at a fixed royalty, or on such terms as might seem best.

In regard to the fourth—"The taxation on unimproved value," it has been objected that it is a class tax. Well, there are many class taxes levied for different reasons, generally good and sufficient; there is (or was) the carriage tax, levied as a tax on luxuries; there is the auctioneers' license fee, levied as an indirect way of taxing the transfer of stock at public sales. There is the chemists' license fee, a way (in part) of securing that the making up of prescriptions and the dispensing of drugs be confined to properly qualified persons; so also we propose a tax on the unimproved value of land as a

step towards the gradual abolition of the system of blackmailing industry, and towards the restoration to the State of what it should never have parted with.

In regard to the second (kept till the last, because it requires most comment), the power of the State to retake land wanted in the public interest, and the re-letting of it on the conditions sketched out; the State already has the power to take land for railway purposes. But as there is nothing specially sacred in the nature of a railway to make it an exception to all other works of public utility, as it is simply a concern of great public importance, and that is all the justification there is for taking the land required for it, then if we can show (as I think I may fairly claim to have shown) that the breaking up of land monopoly, and the throwing open to use of the national resources is a matter of more consequence than all the railways in the world, there seems no conceivable reason why the State should not take the land for this purpose too.

As to the circumstances under which the land shall be taken, the manner in which compensation shall be determined and rent re-valued and so on, all these are questions of detail to be well thought out, and freely and thoroughly discussed, but the discussion of which would be for many reasons out of place in a preliminary address like this. One thing only must be insisted on; that the taking, the re-valuing, the letting, the recovery of rent, and every process connected with the disposal of the land, shall be entirely removed from the control of party politics and personal influence, and be made strict processes of the law, guided by definite rules, and administered by properly appointed and independent courts, just as the valuation of property, the granting of mineral leases, and the recovery of rates and taxes are now.

"But," we are told, "you forget the land hunger. Man naturally craves for the absolute ownership of the soil he tills,

and without it loses half the stimulus to exertion. He wants to sit under his own vine and fig-tree."

Here are three statements rolled into one. Take the last first.

"He wants to sit under his own vine and fig-tree."

True; and the result of your system of absolute ownership is that 99 men out of 100 can get no vine or fig-tree to sit under, and the hundredth finds that the vine and fig-tree under which he sits are not his but his landlord's, who charges him heavily for the privilege, and this even though he has planted the tree himself, and watered it with the sweat of his toil.

Year by year, all over the civilised world, the ownership of the land is passing out of the hands of the occupier. One man rears the fruit, another stretches forth his hand and takes it.

The very institution which you defend, as securing to the producer the full value of his produce, is the institution that compels him to part with it.

How comes this?

Because the unearned increment, though certain, is deferred, and falls, therefore, to him who can afford to wait, and who accordingly lies in wait.

Sooner or later the day comes when a mortgage has to be redeemed, or death brings the property into the market, and then the man of large and independent means, who does not mind getting a low rate of interest for a while in consideration of large profits hereafter, easily out-bids the working owner, who has to earn his living, and must have quick returns.

Thus it is that not only is the rich non-occupying owner fast superseding the poorer working owner, but the large non-occupying owners are also eating up the small ones, and the tendency of the times is for the whole land of the country to pass gradually into the hands of a few enormously rich people.

We have not got into this second stage yet out here, but we

are well on into the first. And so inevitably and steadily land is coming to belong, not to him who has the best right to it, not to him who wants it most, not to him who will put it to the most productive use, or even to any use at all, but to him who can afford to give most for it for the mere purpose of squeezing other people.

You offer the name, but you cannot confer the reality. We withhold the name, but guarantee the reality.

For what is the land hunger?

It is the natural craving for a permanent home, and for the fruits of our labour; and we guarantee both these; you do not.

The natural desire of a man is for a dwelling that he can regard as his home for so long as he chooses to dwell in it; for a piece of land which he can cultivate and build upon and improve as his interest or fancy may dictate, without the fear of a notice to quit, and the certainty that when he quits of his own accord he can realise the full value of his improvements at the time of his retiring.

If you say further that all these things shall be his own, you are conferring no further privilege. You are only summing up the privileges already enumerated in a compact, sweet-sounding phrase.

That he shall possess his home so long as he chooses to dwell in it, his land so long as he chooses to till it, this is the land hunger. But to want to own the land without using it, to leave it and yet retain the ownership for the mere purpose of preventing other people from using it, except on payment, this is not the land hunger at all.

Directly a man has lost the desire to dwell in his home and till his land, and wants to go elsewhere and live on the rent, he has lost the land hunger, and retains only the ordinary desire to make money.

Therefore, when under these circumstances we require him

to give up the land, securing to him the value of his improvements, we violate no craving of his nature; we only take from him what he has ceased to value, the land; and allow him the one thing he continues to value, his money, to invest elsewhere.

Further, it is the nature and not the extent of the occupancy that satisfies the land hunger. A home and land enough to afford employment are all that is wanted for the purpose.

The Irishman's poor cabin is as much his home to him, as the Duke's palace is to him; and an acre or two satisfies the craving to be working for one's-self as thoroughly as 1,000 acres would. Therefore so long as we leave a man land enough to provide him full employment, much more when we leave him enough to employ many hired servants, we may take, at a valuation, the broad acres on which he merely runs his flocks without jarring any legitimate feeling.

CONCLUSION.

Now let us note the results of our plan to each of the parties concerned.

1. In regard to the dispossessed landlord.

So much land is taken from him, so much money of equal value is returned to him. He is certainly no worse off than before. He is really much better off.

Formerly his income ceased every time the land was vacant between one tenancy and another, and disappeared altogether every time a tenant bolted or broke. Now it is guaranteed to him with absolute regularity.

Formerly he was constantly liable to demands from his

tenants for repairs and improvements, to which he was compelled, to some extent at any rate, to attend. Now he is freed from all this, his income comes to him without deductions.

He is better off all round for his dispossession.

2. In regard to the occupier.

He holds at present on (say) a five or seven years' lease. All his operations are bounded by this prospective limit. No improvement or enterprise can he attempt which will not be completely repaid with interest within that ever narrowing period. But such a limit is fatal to the proper development of the resources of the land. The very first condition necessary is security of tenure; not for five or seven years, but for so long as the occupier desires to hold it, with assurance of full compensation for unexhausted improvements should he decide to retire. A hand to mouth system that farms from year to year is but a step in advance of the practice of the savage who supplies his wants from day to day. To get the full results from the land you must improve it. To work the land without being free to improve it is to work it with one hand tied. The most valuable works, those that return the greatest results to a given labour, are those that are most far-reaching, but slowest in yielding their results.

To drain, to plant, to build, for example, are things the occupier must not dream of. Many a thing that he sees the land wants, and that it seems a pity to neglect, must he leave undone; and his interest in the land, little enough at any time, diminishes daily, till in the last year of his lease he is in the position of a yearly tenant, a position proverbially unproductive and unsatisfactory for both landlord and tenant. It is no longer his interest to manure, to keep down weeds, to effect a hand's turn of repairs more than is absolutely and immediately necessary.

As the end of the lease approaches he is further paralysed

by the uncertainty whether his lease will be renewed or not, on such terms as he can accept. He does not know often whether to fallow or what crop to sow, or what to undertake; and if through the landlord's asking too much or wanting to resume possession, or for any reason he is obliged to leave, he has to sell off everything, no matter whether the times are favourable or not, and be at a loose end for months looking out for another farm, wasting his time and consuming his capital.

Finally he has to take a new untried farm, the peculiarities of which he has to learn by gradual experience, and has hurriedly to get together fresh stock and implements. Never has he any abiding interest in the land; never is it anything more to him than a temporary residence, and an instrument out of which to squeeze as much money as possible within a given time.

Turn to state ownership and all this is reversed. The tenant is now in as secure possession of the land as if he owned it (only subject to a yearly payment) without having to find the capital to buy it.

It is practically his; his as a home to dwell in; his as an instrument to put to fullest use; his as a trust, not as a possession, but as a trust in which he knows he will never be disturbed so long as he fulfils its reasonable conditions—conditions devised for the public good, not for the aggrandisement of an individual.

He holds a portion of the public estate to the exclusion of other people with equal rights, and therefore he must pay from year to year the full value of that privilege. As the land rises in value through the execution of public works and the growing prosperity of the country, he will naturally have to pay so much the more for the use of it, but nothing the more for the improvements he may have made on it. If from any cause it falls in value, he will have to pay less. Whatever

its value from time to time, as ascertained by periodical valuations, he will have to pay it.

What could be more reasonable?

Moreover, the more he improves the smaller will become the proportion which his rent bears to the total value or productive power of the property, and therefore the easier will it be to meet it, and the more remote the chance of his ever being disturbed in his possession.

Formerly his hands were tied by the shortness and uncertainty of his tenure and the absence of any claim for improvements. Now his hands are free; the land is practically his, though nominally the State's. It will be less in extent, no doubt; that is, he can no longer hold large areas to the exclusion of other people, except, temporarily, in remote parts where the land is not yet wanted for more productive use.

He can no longer hold more than he can personally use for the mere purpose of preventing other people from using it except for his profit; but he can hold as much as is his fair share, and whereon his home stands in perpetuity, and as much more as is not wanted by other people until it is wanted; and as the State is not likely to want it so long as it is being put to full productive use, and will have to pay him the full value of his improvements if it does, the more he improves it the less likely will he be ever to be disturbed.

Secure in his tenure and in the fruits of his labour, the occupier will acquire a permanent interest in his land, and a pride in and affection for it such as he has no chance of acquiring now, and will have every inducement man can have to put it to the fullest use, and draw the greatest enjoyment from it.

"But as he has still to pay rent, it seems—rent to the full value—how is he better off, after all? What difference can it make to him whether he pays his rent to the State or to a private landlord?"

Just the difference between paying money into the bank to your own account and paying it in to another's. For by so much the more as the State receives in rent the less it requires in taxation.

In paying rent to a private landlord the tenant pays it away to a stranger for the stranger's enjoyment or enrichment, and the payer sees it no more. But in paying it to the State he gets back with one hand what he gives with the other; what he gives goes to the great public trustee to be turned into public benefits, of which he has the full use and enjoyment in common with other people.

His payment to the State, in short, is not a payment away at all, but an investment, and, generally speaking, the best investment he makes. After making every allowance for Government mismanagement, jobbery, and extravagance, there is yet no outlay from which we receive so many and so great returns. It secures for the payer benefits which he could not by his own resource, labour, or outlay secure at all, and without which he could secure nothing else.

What sort of a living could any man make if, in addition to his ordinary business, he had to be his own policeman, road-maker, schoolmaster, etc.?

What we pay to the State in taxation we get back in full measure, running over.

But the returns from State rents are far greater than the returns from taxation; for taxation gives you those public benefits only in return for your money, while for State rents you get the use of a piece of land, in itself worth the money, and you have all the public benefits thrown in; or, to put it differently, for taxation you get your money back once only, for the State rent you get it twice over.

At the commencement of the system there may be no immediate gain as far as mere money payment goes; for great part of what the tenant pays to the State in rent, the State

will have to transfer to the dispossessed landlord as compensation.

It is only as the land increases in value, which it will quickly begin to do, and the unearned increment begins to accrue, that the State revenue will begin to expand and to go to the reduction of taxation and multiplication of public benefits; but, from the moment it begins to accrue, it begins to increase, and increases at accelerating speed.

3. In regard to the labourer.

As for the labourer's full rights, which it is the ultimate aim of our policy to secure, that is a subject on which I may have something to say on another occasion; but for the present all I am concerned about is to show how the particular initiative measures which our society proposes will affect him.

Rent, as we have seen, devours wages; and what enables it chiefly to do so is the power the land-owner or land-occupier has of restricting the field of employment; of keeping back the greater part of the national resources from full productive use, and compelling the labourers to compete for the privilege of employment on the small portion which he permits to be used.

We have but to notice how the opening up or enlargement of one particular department of employment affects the labour market to form some idea of the effect that would be produced by throwing open the whole field.

The undertaking of a single line of railway sends wages up at once perceptibly along the whole line and for some distance on each side. The discovery of mineral deposits on Crown land, where the labourer requires nothing but a pick and shovel and a miner's right to find employment for himself at once, sends them up with a rush.

Throw open all the land for cultivation and all the minerals for development, and, whether the labourer or the capitalist takes possession, work is wanted in all directions; the

labourer either finds work for his own hand or somebody calling out for him, and can ask any wages he likes up to the limit of the productiveness of his labour.

If the land is thrown open to the labourer himself, as in the case of minerals discovered on Crown land, or of allotments for cultivation on unused land, he will not work for an employer for less than he can make for himself; nor even for as much, for independence is sweet, and he will rather work for himself than for another for the same money.

To get labour, the employer will have to offer him even more than he can make for himself.

Some people are quite shocked at the idea of such a state of things. They think high wages are ruin to the whole country, not seeing that the very fact that wages are so high is a sign that labour is highly productive and industry prospering; not seeing either that it is impossible for wages ever to rise so high as to check the progress of enterprise; for no employer, no matter under what pressure, will continue to give such high wages as will leave him without sufficient profit to maintain himself and carry on his business. If, therefore, he continues to give high wages, no matter how high, it can only be because his business is so profitable that he finds it pays him better to give those high wages rather than to throw up or contract his business, and so business goes on.

And if any employer can *not* pay the high wages going, then if wages do not at once, of themselves, so to speak, come down to his requirements, it is clear either that his business is less productive than those other businesses that can and do give the wages that he cannot, or that he is an incapable manager; in which case, since the labourer cannot be in two places at once, it is better, both for himself and for the country, that he should go to the business or manager where he can do best, best in every sense; and thus High Wages, like Free Trade, are a potent factor in the work of natural selection,

weeding out the weak enterprises and incapable managers and concentrating labour where it is most effective.

But high wages are not only a sign of progress, they are also a factor of progress in many ways; for high wages stimulate the invention and adoption of labour-saving contrivances, which add to the productiveness of labour. Where wages are low, employers do not much trouble themselves to seek for such contrivances or even to adopt them when placed before them.

In making the Suez Canal, the earth was excavated with common hoes and carried out in baskets on women's heads, though steam dredges and lifts were in full use elsewhere, and this simply because labour was so cheap that it was scarce worth while to buy machinery to save it.

So in England where wages are higher than on the Continent, improved appliances are in fuller use: and in Australia and America, where wages are higher still, improved appliances (such at any rate as are suited to their circumstances) are in fuller use still. In Tasmania the scythe and the sickle may be said to be obsolete instruments, all harvest work being done with horse-mowers and reapers and binders; but nearly all the hay I saw lately cut in England was cut with the scythe.

People are so used to seeing the labourer toiling for a mere subsistence, and never rising above his condition, while the employer and the landlord share the produce of his toil between them, that they have come to look upon this as the order of nature; they seem to think that those who have money have *a right* to the labour of those who have none; that the whole purpose of industry is to provide rent for landlords, interest for capital, and profits for employers, and that the wages of the labourer are an unfortunate necessity of the position, to be minimised as much as possible; in short that Providence has evidently designed and ordained that the

fruits of labour shall go not to him who produces them, but to somebody else who permits or employs him to produce them. The idea (which you will hear expressed any day in all directions) that wages should be kept down or the labourer forbidden to have access to the land because employers in such case could not make sufficient profit, means (put in plain terms) that A, who has little, should get less, in order that B, who has much, should get more; a proposition too absurd to be discussed, but which seems to be a fundamental article of belief with almost the whole class of employers.

If the labourer will not work for an employer for wages that will yield the employer a profit, it is clearly because he can put his labour to better use himself, and if so, it is but just to himself and good for society that he should so employ himself. Indeed it is much better for society that in such case he should work for himself rather than for an employer, for it sets the employer's capital free to make his own labour more effective, or his life more comfortable.

If I have 1,000 acres and £1,000 capital, and have hitherto employed 10 labourers on my land to produce £500 of produce, and the land being now thrown open for selection, the labourers can make the £500 for themselves on half the land, this simply sets free the other half of my land, and all my capital, for other use.

But even if the vast resources which we propose to throw open are not thrown open to the labourer personally, but are at once taken up by capitalist employers, still it will require a greatly increased number of employers and amount of capital to take them up and put them to use, and this means a proportionate increase in the demand for labour and consequent rise in wages.

4. In regard to society.

The throwing open of the resources of the land means the great increase of both production and population.

The more farm produce there is raised, and mineral wealth extracted, the more commerce, manufactures, and secondary industries of all sorts will there be; for the greater the produce extracted from the land, the greater the number of people must there be required to work up, shift about, and distribute that produce.

Again, the greater number of people in the country, and the greater the number to the square mile, the greater will be the variety of their wants, and the greater the number of trades to satisfy those wants.

Also, the more the labourers within the given area, the greater the opportunity for the division of labour, for the acquirement of skill, and for the economy of production.

The greater the number of people and the more they produce, the greater will be the amount of rates that can be levied (if more rates should be wanted) and the better the roads, the better and more numerous the schools, libraries, hospitals, and public conveniences of all sorts, and the greater the number of people who will benefit by them.

In short, the advantages to society are endless.

5. In regard to Revenue.

The greater the number of people settled on the land, and the greater the productiveness of their labour, the greater will be the value of the land, and the higher the rent, and the rent will be State rent, *i.e.*, revenue.

And though this increase of rent will be checked at first, and even thrown back by the rise of wages (for as rent formerly devoured wages, so wages will now devour rent) still this increase of wages will soon reach its limit, while the increase in population and in the productiveness of labour will be practically without limit.

The condition of both employer and labourer will be continuously improving, though neither profits nor wages will increase (after the limit spoken of is reached). Increasing rent

will swallow up increasing profits and wages; but increasing rent will mean increasing revenue, and increasing revenue will mean increasing public benefits, benefiting all.

Employers and labourers will continue to gain, only not as employers and labourers, but as citizens of the State.

Tax after tax will be knocked off as increasing State rent swells State revenue, till no taxes are left, and still the increase will accumulate.

The farmer will have his roads put and kept in first-rate order without paying any rates; the parent will be able to get the best education for his children without paying any school fees; the traveller, for a sixpenny or shilling railway ticket, will be able to go from one end of the island to the other, and his letter will go from one end of the island to the other for a penny stamp.

Scholarships and rewards of one kind or another will, by a sort of natural selection, pick out all the special talent of our youth, and develop it to its utmost pitch, to the advantage of society and the enrichment of its possessor.

Railways and telegraphs can be made in all directions, libraries established in every township, the best medical attendance obtained at numerous hospitals and dispensaries at nominal charges. But the prospect is boundless. The further we go the wider it opens out.

Advantages now confined to the wealthy will be available to the humblest, and yet no one will be pauperised, because the help that pauperises is that which takes unjustly from one to give to another, or assumes the form of degrading charity.

But this steady and continuous multiplication of public benefits will no more pauperise, because it is free to all, than the rain and the sun pauperise because they are free to all; for it represents neither robbery nor charity. It will be the product of the natural growth of wealth from sources to which all have an equal and just claim. It will all spring from State

rent, and represent the price paid by each appropriator of natural advantages for the privilege of using those advantages —advantages to which, being the free gift of nature, all have an equal right, and for the use of which it can therefore injure no one's self respect to receive payment.

All that increase of wealth, in short, which now goes as blackmail to privileged monopolists, will go to public benefits, and the amount of that increase will at the same time be swelled to proportions yet undreamt of.

THE CAUSE OF A CRISIS.

(Flürschëim's Theory.)

MONEY.

No one, I suppose, will dispute that the ruling power in the industrial world is money.

It is money that hires labour, that buys goods, that starts enterprises, that is lent as capital, paid as interest, collected as taxes. The farmer may want his land tilled, and the labourer may be ready to till it; but unless the farmer has money to pay wages, the soil remains untilled and the labourer unemployed. The shopkeeper may have clothes (and other goods) offered for sale, and the man outside may be sorely in want of them, but unless he has money to buy them with, the clothes remain unsold and the man unclothed.

Affairs are so constituted that nothing can be done without money. Money failing, exchange ceases; and exchange ceasing, production stops, for production cannot be carried on without exchange. No one produces everything for himself. He must get food from one, clothes from another, tools from this man, materials from that, transport from a third, and none of these things can be got for nothing; something must be given in exchange, and the only thing that will be accepted is money.

Money, in short, is to the industrial body what blood is to the physiological body. Not only must it be present but it

must circulate. What is this money, the circulation of which is so vital a necessity? "Coin," says someone. "We see and handle it daily."

Well, coin is one form of money certainly, and in its way a most important form; still, it is only one form, and a very subsidiary form. The man who is recognised by all as a "moneyed man" has very little coin, often not more than a few shillings in his possession, and the greater his wealth the smaller always is the proportion that he holds in coin.

The largest transactions are effected without any coin passing at all. It is only in petty transactions, or for small balances, that coin passes. The great mass of business transactions is effected either by paper in some form, or by the balancing of contra accounts.

This *money* that rules the market, that employs labour, that starts enterprise, that the rich lend and the needy borrow, is not a material substance at all, though material substances—such as coin and paper—are largely used to represent and to transfer it.

It is *general purchasing power*—command of the goods and services of others, based on a recognised claim for past services rendered, real or imaginary; a claim for something transferred, something done or something permitted. For something transferred, as for goods sold, or cash deposited in a bank, or lent on a mortgage or a debenture. For something done, as for work performed or enterprise started. For something permitted, as for permission granted to use a given piece of land.

The service rendered is a thing of the past. The goods sold have probably been long ago consumed; the cash lent has passed into the general circulation, and can no longer be identified; the enterprise has either failed and disappeared, or has succeeded and now maintains itself; the land is being put to use by the tenant, not by the landlord who gave him per-

mission to use it, and who has no concern with the land (while the lease runs) but to receive the rent.

In every case all that remains to the claimant is his claim—a claim, not for some particular goods, as grain or boots, but for *value*, for general purchasing power, or command of the goods and services of others to a specified amount; which purchasing power, transferable from hand to hand, is recognised as money, no matter in what form it be embodied, whether as coin, as paper, or as simple entry to credit at a bank; and circulation of money consists in the passing of this general purchasing power from person to person. The balance that a man has at his bank is recognised as money, and gives him the purchasing power of money, and the cheques with which he transfers it, or the coin for which he cancels it, are also money. The motionless balance and the moving cheque confer the same power, and go by the same name. In other words, the thing itself and the material instrument that transfers or embodies it are spoken of as if they were the same. And no great harm results, for the difference is only the difference between Statics and Dynamics. The one represents money at rest, the other money in motion.

But the point to be attended to is that money itself, in the sense in which the business world understands the term,—this thing which buys goods, hires services, fetches interest, and so on—is not a material substance at all, though material substances are often used to embody or to transfer it, but general *purchasing power* or command of goods and services of others. When it is to a large amount it is as often called capital as money. The man of business means the same thing by the two terms, and uses them indifferently. What the closet philosopher means by them is of small consequence.

A sovereign and a bank note, or cheque for £1, are alike in this, that they are both useless in themselves, useful only to exchange away for other things, and that they both represent

purchasing power to the amount of twenty shillings. But they differ in this, that the purchasing power of the cheque or note depends on the solvency of the person or bank on whom it is drawn, while the purchasing power of the sovereign is independent of any particular person's solvency, and is good everywhere. (There are, of course, other highly important differences between coin and paper, but they do not concern the present question.) But since, as we have seen, money consists of purchasing power, and purchasing power consists for the most part of registered claims on persons liable to fail at any moment, this larger part may disappear at any moment; and when a crisis occurs much of it does so disappear, and "money becomes scarce." Thus, suppose a tradesman is paying £100 rent to a landlord, £100 interest to a money-lender, spending £100 in wages, and making £100 profit for himself, then here is £400 circulating. Suppose now that through a bad speculation, a defaulting cashier, or any other cause, he fails in one of his liabilities, say the interest, and the money-lender sells him up, the source of all four incomes being dried up, all four incomes disappear together. The quantity of real wealth—of goods—is exactly what it was. It is dispersed, but not annihilated; but the £400 which that business put into circulation has disappeared. It never had any substantial existence. It may revive, no doubt. The landlord will relet the premises, the money-lender (if he has got his money back) will find a fresh investment, the employés will find another employer, and the ruined man another occupation. But for the present all four incomes have gone, and none of them revive immediately. Indeed, when such failures are numerous and on a large scale, as in a commercial crisis, it often takes a long time, generally years, before complete recovery.

It is in view of this danger that a party in America insist on the State coining annually large quantities of silver, so

that money (as they think) can never become scarce nor crises occur.

Such a device, however, would be quite ineffective for the purpose, because the superiority (in some respects) of paper over coin as a circulating medium is so enormous that the great bulk of transactions would continue to be effected by paper, no matter how plentiful coin was.

£1,000 is much safer kept in the form of a simple entry to credit in a ledger than as a bag of sovereigns. It is much easier transferred from person to person, and saves an infinity of trouble and risk in transport from place to place. Moreover, a cheque need not be written till it is wanted, and if destroyed, another can be written, while sovereigns would have to be carried about always, and once lost or destroyed could not be replaced.

Paper does not supersede coin from any scarcity of coin, but because of its greater convenience, though for reasons which we need not go into, it cannot altogether supersede coin.

The only result then of forcibly increasing coin beyond the immediate requirement of trade would be to lessen its purchasing power. If a given number of sovereigns are sufficient for present transactions, doubling their number would only halve their value. Whatever now costs £1 would then cost £2; and the paper, which expresses itself in pounds, would have to express double values.

TRIBUTE *V.* EARNINGS.

Whoever wishes to get a clear idea of the industrial problem must begin by realising thoroughly the fundamental difference between Tribute and Earnings. This is the key to the whole question.

Society consists of two classes:

1. The class that lives by producing goods, or rendering active service of some sort, that is by work, the reward for which, called fees in the case of professional men, profit in the case of employers, salary or wages in the case of subordinate workers, may be summed up in the word *earnings*. And 2. The class which neither produces goods nor actively earns anything, but lives on the earnings of others, having acquired possession of something, land or money, which it has no present intention of using itself, but which is necessary to other people, and which it charges them for the mere permission to use. These two charges, Rent and Interest, we express together by the term Tribute.

No doubt there are persons who, while doing nothing to earn their income, yet do other work, often very valuable work, gratuitously; of such are scientific men like Darwin, statesmen, like scores who could be named, and so on. And there are others who enjoy two distinct incomes, one from Tribute, which they do not earn, and one from useful work, which they do earn, so that the two classes appear superficially to merge into each other.

For all that, the two kinds of income remain perfectly distinct. Tribute (Rent and Interest) accrues all the same, whether the claimant works or plays; whether he is well or ill; even whether he is alive or dead; for the claim once established is immortal, and continues (unless the landlord is bought out, or the creditor paid off) from heir to heir, from generation to generation.

Once land is let, or money lent, the day of tribute comes round with unfailing regularity. The tenant's crop may fail, the borrower's enterprise may break down, but the tribute comes due all the same.

The system may be just or unjust, beneficial or injurious;

we are not here concerned with the ethics of the matter, but with the facts only.

Grasp well before proceeding further this fundamental difference between Tribute and Earnings, and realise that everybody's income is resolvable into one or the other.

We shall express the class that lives on tribute by the letter T, and the class that lives by work by the letter W.

TRIBUTE CAN ONLY BE PAID BY WORK.

W can only pay T by work, that is by producing goods or rendering active services for him. (For brevity's sake, and to avoid having constantly to give double illustrations, we shall say—by goods.)

But though the tribute can only be paid BY goods, it is not payable IN goods but in money. T is not obliged to take W's goods, and yet can insist on payment all the same.

If T received his tribute in goods he would have to live up to his income or lose a portion of it. He would have to USE the goods, for many of them would spoil immediately, while all would begin to deteriorate, besides incurring costs of storage and guardianship. If the goods consisted of articles of maintenance or enjoyment, food and clothes for example, the food would have to be eaten and the clothes worn as soon as possible, or they would spoil. If they consisted of "wealth devoted to production," of tools and raw material for example, of goods whose only use was to produce other goods, they would have to be applied to the work for which they were adapted, or they too would begin to deteriorate, and go to waste.

The result would be that nothing would hang on sale, lie

idle, or go to waste. Everything would be put to the use for which it was fit without delay. There would be great consumption widely diffused; there would be rapid sale of goods, incessant demand, employment for all, active industry, circulating money, rising wages.

If T received his tribute in money, but spent that money at once, the result would be the same.

T, however, does not either receive his tribute in goods, nor yet spend it all. He receives it in money, and he finds it quite easy to save that. That does not spoil by keeping, nor yet incur expense of storage. On the contrary, it brings him in interest. So he saves, not by storing goods nor hoarding coin, but simply by contracting his expenditure, and leaving the unexpended balance somewhere as an unsatisfied claim. He abstains from taking from W goods equivalent to the full amount to which he is entitled, and yet does not waive his claim. In other words, he refuses to allow W to pay his debt in the only way in which he can pay it, and yet charges him for not paying it.

What is W to do? T's refusal to buy lessens the general demand for goods, contracts the market, brings down prices.

W cannot use the rejected goods himself because, owing to the differentiation of industry, each producer lives by producing a single article, or class of articles, often of a kind that is of no use to him at all, always more in quantity than he can find use for, even if they are the kind of articles he uses. The farmer, for example, cannot eat all the grain he produces, the clothier wear all the clothes he makes, the cutler use all the tools he manufactures, and even if he did, it would not enable him to find the tribute required of him. Nor can he dispose of these goods amongst his fellow Ws, for, as a class, they are generally in the same plight as himself, and for the same reasons. Some of them there are whose business is simply to buy and sell (shopkeepers, dealers, etc.); these we may call

vendors. Others there are whose business is simply to render services, or produce goods for the vendors to sell, they themselves receiving wages; these we may call labourers. The vendors, in whose hands the goods are collected, can neither use them nor sell them to each other, and the labourers cannot buy them because, after satisfying their most pressing wants, they have not money enough left to buy anything else. In short, the poor cannot buy the goods, and the rich won't. So trade becomes dull, employment scarce, earnings fall. There is no scarcity of real wealth, *i.e.*, of goods, yet there is distress among those who produce it because the money—the purchasing power—has accumulated in the hands of T, who won't spend it, but only lend it.

To put it another way. Let a farmer and a cloth-maker represent the workers, one owing £20 a year rent to a landlord, the other £20 interest to a money lender. Tribute day arriving, the workers expect to be able to find the tribute due by the sale of their products. What they sell to each other amounts to a mere exchange of products, beneficial to each no doubt, but of no use in helping to find the tribute. For this they look to the Tribute receivers to buy, *i.e.*, to take their tribute out in goods. T, however, won't; he intends to save, so the workers have to scrape together all the ready money they can get, and with which they had intended to carry on their business, and they hand that over—£40 in all—to T, who promptly puts it into the savings bank.

Now, money being taken as the SIGN of real wealth, the politician, the statistician, the economist, seeing £40 in the bank, which was not there before, announce this as the year's savings—as the national accumulation for the year—whereas a moment's reflection will show that there has been no saving or accumulation of real wealth at all. The farmer has simply got his usual yield of farm produce, which must be presently eaten (unless it is left to rot), and the cloth-maker has got his usual

output of finished goods, which also must be presently put to their destined use (unless they are uselessly put by for the moth and rust to corrupt); all that has happened out of the usual way is that the £40 which was in the hands of the workers, is now in the bank, to the great loss of the workers, who, having now no ready money to go on with, are obliged to go to the bank and borrow the £20 each they require to carry on with. Next tribute day comes round, and the workers have their usual output of goods only, but now double their former liabilities, and more; they have each his £20 rent or interest to meet, and the £20 additional they borrowed from the bank, with interest added. And T still persists in "saving" and won't buy, but yet insists on his tribute.

Now, if T had not economised, but taken his tribute out in goods, there would have been no apparent saving, but the workers would have met their liabilities without either parting with their cash or borrowing, and industry would have gone on as usual. It was T's "saving" that wrought the whole mischief.

Of course in real life a general break-down does not come to pass in a single year, because T does not—cannot—do what for sake of illustration we have supposed, and save his whole income; he only saves $\frac{1}{10}$ or $\frac{1}{11}$ of it, and therefore a crisis only occurs once in every 10 or 11 years; and when it does occur it is not a complete break-down, because not all the Ts save, and because numerous unnoticed little breaks-down are continually happening which ease the accumulating strain, and avert a complete catastrophe. Money is so identified in our minds with real wealth as signifying it, and being convertible into it, that we fail to realise that the sign does not imply the existence of the thing signified. 100 sovereigns in any one place does not imply the existence of £100 worth of goods in that place, any more than the existence of the goods implies

the existence of the sovereigns. Still less, if possible, does an entry to credit in a bank imply the existence of either goods or sovereigns.

Still a good part of the rejected goods can be got off to the richer Ws, for the Ws are of all grades, from the Prime Minister with £10,000 a year down to the out-of-work with nothing. At these extreme points W may be said to pay no tribute; the rich, because they are so independent that they need incur no liabilities (as for the rent they may pay, that is purely voluntary and for their own convenience, seeing they are rich enough to buy their own land and houses if they want to). The poor, on the other hand, having no credit, can incur no liabilities, broadly speaking, so they also pay no tribute. Really, they bear the whole burden of it, but they bear it in poverty and toil, in non-receipt of wealth, not in visible transfer of it as tribute.

The business of *finding* the tribute falls mainly on the Ws who lie between the extremes of rich and poor, and cover the general class of employers. These can, for a time, continue to find the tribute required of them, notwithstanding T's refusal to buy their goods, partly by lowering their prices and inducing the richer Ws to buy, thus reducing their own earnings; and partly by cutting down the wages, and lengthening the hours of their employés, thus taking it out of *their* earnings. Of course they never adopt the former course till they have carried the latter to the furthest point practicable.

The employer is the base on which the whole system rests. For the landlord and the money-lender as such produce nothing, and the labourer, though he does produce, does not come into possession of what he produces; *that* belongs to his employer.

To the employer comes the landlord for his rent, the money-lender for his interest, the labourer for his wages.

If the employer fails, all fail with him; and if he fails in

one point he fails in all. For if he fails in his own profit he cannot live, and there is an end of him as an employer. If he fails in rent the landlord ejects him, and stops his work, and his work ceasing, the money-lender's interest and the labourer's wages cease with it. If he fails in his interest, the money-lender sells him up, which also stops his work, and with it again the landlord's rent and the labourer's wages. As for his labourer, as he is usually paid weekly, monthly, periodically, somehow as the work goes on, he has rarely much to claim, so we may leave him out as a probable danger. But rent, interest, and wages, all depend on the employer, and failure in any one liability brings down the extinguisher on him, and extinguishes the others as well as himself; all four incomes disappear together.

But besides the Ws who provide *T's income* there grows up another class of Ws who enable him to *spend* it—who live by supplying his wants, so that when his accumulated tribute demands break down W who supplies them, and his income goes, too, these others lose *their* income. So that a whole series of incomes disappear together.

When a crisis comes there is as much distress amongst the Ts as amongst the Ws. Above the cry of the foreclosed farmer, of the sold-up tradesman, of the unemployed labourer, there rises the cry of the wealthy gentleman of "independent means," whose great and sudden fall from opulence to penury attracts special notice; of the widow and the orphan who have lost all their "savings," and who attract special and deserved pity. And, really, everybody seems to imagine that a pile of accumulated real wealth has suddenly and mysteriously disappeared, when what has really disappeared is the power of a number of persons who do no work to claim the earnings of those who do. All the real wealth is just as abundant as it was; the stock of goods, of actual utilities is not lessened an iota. Nothing has disappeared but incomes—claims. Yet the

business relations of society consist of such an interlacing network of these claims that their cessation throws everything into confusion, and the wheels of the great industrial machine slacken, its output diminishes, and wide confusion and distress result.

But since T does not hoard his money, but invests it (*i.e.*, passes it on to someone else to spend), it gets spent after all. True. But the expenditure is now taxed, and the tax falls on W. If T has £1,000 coming to him from W, and spends it on a house for himself, employing W to build it, then so many men are employed, the house is built, and the claim is wiped out.

But if he lend it to someone else to build a house, then, as before, so many men are employed, and the house is built, but the claim is *not* wiped out, but continues incurring interest, which the worker *somewhere* has to pay.

No doubt the borrower who builds the house benefits in a way by the loan, or he would not borrow. But the mischief is that T's refusal to buy his goods compels him to borrow, for if T spent all his income as he got it, the demand for goods would be so great and continuous, and the money—the purchasing power—instead of accumulating in the hand of a single class, would be so quickly and widely diffused that W would be under no necessity to borrow, and could build his own house with his own earnings.

Money lent, though it is spent as truly, and by the same person, when he borrows it, as if he had received it by sale of goods, is not spent in the same way—in the way wanted—that is, in relief of the congested market, but only in keeping up the congestion.

A producer who cannot sell, except at a loss, all that he has produced, may, if his goods are of a durable nature, occasionally borrow, merely in order to live till prices rise, and so avoid bankruptcy and ruin, and this may be said to be borrowing for an unproductive purpose.

But speaking broadly, borrowing is always for productive use, else there could be no repayment of the loan, still less interest on it.

So long as the poor cannot buy all they want, and the rich will not spend all they have, and production is for sale, not for home use, the market for goods must be contracted at both ends, and there will be what is called over-production; that is, a glut of goods which do not go off at a profit, notwithstanding that millions want those goods badly; consequently there will be a struggle for existence amongst the workers, amongst the employers for custom, amongst the employés for employment, bringing down both profits and wages. And the only cure within sight is increased consumption amongst the money owners to set checked production going again.

Merely to lend money to the producer to enable him to keep up the over-supply (instead of buying, and so working off the over-supply) will not mend matters, but make them worse. It does not provide the missing market nor lessen the cost of production, it only adds to the load of debt under which the producer is already struggling.

Saving money, so far from adding to accumulations, as the authorities teach, diminishes them by checking production; for goods are produced only to be consumed; and if A, the customer, refuses to have them, B, the producer, will not produce them.

To most people it seems a mere truism that the greater the consumption the less the goods. But it is not true. The very converse is the truth. For the greater the consumption the greater the demand, and the greater the demand the more active the production. Consumption calls forth the goods that it consumes. Indeed, it calls forth more than it consumes, for by far the greater part of the articles we require—all, indeed, except food, tobacco, and a few other things—are more or less durable, outlast their first use, outlast many successive uses,

and so are produced faster than they are worn out, and thus give rise to accumulations. This durability of most of the articles we produce is indeed the chief cause of accumulating wealth.

Saving money then is not saving goods, but only throwing them on the market unsold, causing what is called "over-production," bringing down profits, embarrassing trade, checking production, and lowering earnings.

The goods remain unsold, not because nobody wants them, for millions want them badly, but because the money, the purchasing power, the command of goods and services, has accumulated in the hands of the fortunate few who don't want them, leaving in the hands of those who do not want them barely enough to supply their most pressing wants.

And precisely because T already has so much, he can get more still, with no effort of his own. Because he commands the present he can also command the future; for whatever fresh opportunities of wealth-producing come to light, W is too poor to take advantage of them, so they fall into T's hands.

Does someone discover a new method or devise a new machine? It cannot be tested, perfected, brought into use without money; therefore T, who has the money, buys it up for a trifle.

Does someone else find valuable minerals? T generally owns the land and claims them. Even if they are on Crown land W has not the money to develop them, T has, so he buys it up again, and W has to work for him as a hired servant.

Does Government open up fresh lands by new roads? They are too far away or too densely timbered to be of much *immediate* profit, so W, who can't wait for the distant golden future, either lets T take them up, or if he does take them is sooner or later bought out by T, who *can* wait, and who,

letting the land for a small profit in the present, can sit comfortably waiting in his chair for the later but inevitable rise of land value.

So no matter what the enterprise may be, nor how promising, nor how thoroughly well able W may be to manage it, so far as knowledge and skill go, it falls into T's hands, and W has to work under him for mere ordinary current wages.

So T saves habitually; and the richer he is, and therefore the less need there is for him to save, the more he saves.

No matter how well assured his future may be, there are always reasons in plenty to induce him to go on saving.

There is the love of power, which is gratified by the reflection that he has plenty, increasingly plenty, of money to spend *if he likes.*

There is the importance and influence with others which the reputation of having plenty of money confers.

There is the natural desire to leave one's children as well off as possible. And last, but not least, there is the pernicious doctrine, taught by the highest authorities, that these savings of his are real additions to the national wealth, and represent the fund by which industry is carried on and comforts are diffused.

Notwithstanding all that has been said, saving money is an excellent thing when kept within limits—very narrow limits—for it is a form of insurance.

Like insurance, it adds nothing to accumulations, but it averts suffering. There is no better way for a man to make provision against sickness, or accident, and for old age, and to give his children a fair start in life than by contracting expenditure, and so saving money.

By this means no goods need be put by to spoil or to deteriorate, to be destroyed or stolen; in any case to lie uselessly idle till wanted. There is no cost of storage and guardianship; and when the time for calling in the provision

arrives, it comes in money, which will command exactly what may be wanted, instead of in the shape of old and more or less damaged goods, which are sure not to be all of them just what is required.

For these three purposes, and to a limited, reasonable extent, saving money is emphatically good. Nothing is saved by it but a claim upon somebody else; but this claim-saving avoids both cost and waste, and is thus a gain to society at large, as well as a convenience to the saver. The payment falls on W, and comes out of daily production, not out of an imaginary store of previously accumulated goods; but the W who pays it himself benefits by the system, for by it he in like manner can make provision for his own future.

It is the savings—the needless and excessive savings of the rich that do the mischief. The savings of the poor do no harm, or, rather, they would do no harm but for the oppressive burden caused by the savings of the rich, to which *their* savings of course add fresh increments.

Nothing seems more ridiculous than the way in which intelligent and otherwise well-informed people point from time to time with satisfaction to the country's accumulated savings —not in barns and storehouses, but in the ledgers of lending societies, above all in the savings banks. These last are the very type and specially quoted example of the kind of savings which economists applaud and inculcate, and hardly anyone seems to realise that they are savings on paper only, not in fact; that they represent not accumulated wealth, but accumulated debt, and that the larger the sum of them the greater the burden that W, that industry generally has to bear, and the harder it is becoming to bear it; the more so, too, inasmuch as every investor, as soon as his savings reach a certain point, retires from business to live on his savings, thus taking one from the list of W to add one more to the list of T, and so making it harder than ever for the ranks that he leaves,

There is an idea that, though A, who saves nominally may not save really, yet, by deferring payment he enables B to save instead, which comes to the same thing. Yes, it comes to the same thing, for nothing is saved in either case. The goods, if it is goods, are consumed; the money, if it is money, is spent, alike in the one case as in the other. What survives is the claim. The idea, too, that if A had not lent his money he would have spent it unproductively, while B, having to pay interest on it, is bound to spend it productively is a pure assumption, and an unlikely one too. For the very fact that A has saved money shows that he is not a reckless, wasteful man, and therefore that if he had spent it himself instead of lending it, he would probably have spent it well. While the fact that B wants to borrow, though it MAY indicate that he is a skilful man who only wants money to carry out successfully some useful enterprise, may just as easily indicate that he is reckless in the present, or over-sanguine as to the future, or dishonest, and only wants to get hold of money somehow, or in desperate straits, and catching at any straw. Indeed, this last is a very common motive for borrowing, and often succeeds in getting what it wants. But whether the money be borrowed to secure success or to postpone ruin, whether it be employed for wise enterprise or wild speculation, whether the venture succeed or fail, in every case the investment of the savings represents consumption and expenditure, not storing up, and the result in case of success is an entirely fresh creation. Old goods have been consumed to produce new goods, and money spent to make more money.

Accumulations of real wealth are not due to saving, except in so far, to a small extent, as saving means simple avoidance of waste. What real accumulations are due to is the industry that produces more in the day than the day's wants, the improvement of instruments and processes that increase the productiveness of labour, and, above all, the durability of

most of the articles we produce, most of which (all except food, tobacco, and a few others) outlast their first use, outlast many successive uses, and so are produced faster than they are worn out, and so accumulate.

Expenditure is constantly being confounded with consumption; but spending money is one thing, consuming goods is another. Expenditure is merely exchanging money for goods. The two things change hands, but remain undiminished by the transaction. Food is produced to be eaten, fuel to be burnt, clothes to be worn; everything, in short, is produced for the purpose of being consumed, or, at any rate, of being put to use. The longer the thing lasts, fulfilling their use before they are consumed, the better; but the main thing is that they shall be put to use, and not left idle, much less rot, which they will do if not used; and whether they are consumed by the person who produced them, or are sold by him to somebody else to consume, is of no consequence.

Suppose, however, that the "savings" which figure in the ledgers of savings banks and similar institutions, and to which the authorities point with such satisfaction as evidences of an accumulated fund of real wealth, were really, as represented, a substantial something in the "capitalist's" possession, which is on no account to be dissipated, but, on the contrary, perpetually added to by fresh saving. Suppose, in short, that the great thing, especially in hard times, is to save money, not to spend it, except in clearly profitable work, the profitableness of which is to be estimated by the profit to the capitalist himself. Let us give a little parable, and see how the theory works out.

There is a crisis on hand. Trade is dull, money scarce, employment hard to find, wages falling.

T has £1,000 "put by," and looking out of the window he sees a group of labourers ragged and hungry. On one side are clothiers' and bakers' shops, with clothes and food offered for

sale. On the other side are tools and raw material for work also offered for sale. Behind are the millions of the human race with wants unsatisfied, which those unemployed men, fed with that food and provided with those tools, would only too gladly satisfy. But the labourers must remain unemployed, the goods unsold, the bread uneaten, the clothes unworn, the wants unsatisfied, because the purchasing power, the "money," as it is called, is locked up in T's possession.

T looks out of his window at the labourers waiting for work, at the shopkeepers waiting for custom, and the sight pains him, for he is a kindly man.

"Dear me," he sighs, "trade is dreadfully dull. What are all these poor people to do to earn a living?"

His wife, who is kind too, says, "Give them a shilling apiece. That will at least enable them to buy bread."

But T, who has studied political economy, shakes his head and says: "No, that would never do. Gratuitous alms only pauperise, relieving the evil for the moment only to intensify it by and by—degrading the men and impairing their usefulness."

"Well," says the wife, "suppose you clear that waste piece of ground at the back of the house and make a lovely pleasure ground of it. That will give the men employment."

But T says sadly, "No, that would be worse still. It would dissipate my savings, and so do away with the very fund that maintains labour. It would be downright sin in these times to waste good money in frivolous unproductive expenditure. There is a crisis, my dear, and we must all save so that capital may again become abundant and trade revive."

"Well," says the wife, "set them to do something really useful—to produce something that you really want—potatoes, cloth, anything."

But T, reflecting a little, says, "No, I am very sorry, but I don't happen to want either potatoes or cloth, and, in fact,

there is nothing particular that I do want just at present; and I don't even see my way to making a profit in any way, because really trade is so bad just now that there is no opening anywhere. Everything is overdone, and goods are almost unsaleable."

So neither of them know what to do, and they feel quite sad, till T suddenly says he will go to the Premier and see if some public work can't be got for the unemployed. So he goes to the Premier. But the Premier points out to him (what he knows already) that times are bad, and the Treasury necessarily suffers. Customs have fallen off; rates are hard to collect; people must not be pushed. This is no time for starting fresh public works, rather for reducing them. There is nothing for it but patience, and—saving. A little private charity, perhaps; a good deal of it indeed; only the charity must be very warily bestowed, restricted to absolute necessaries, and the men must be given to understand distinctly that it *is* charity, and that they have no real right to it, and so ought to feel very grateful for it. In short, the relief must be made pretty uncomfortable and humiliating, or there will be a rush for it, and the men will be pauperised.

But meanwhile the wife, who doesn't half understand, but does wholly detest the doctrines of Political Economy, can stand the sight of those poor men no longer, so she calls them in and says: "There, go into the garden and dig and I will pay you. I am not allowed to give you anything in charity, but set to work and earn something."

Now the garden is all in apple-pie order, so the men ask wonderingly what they are to do.

"Oh," she says, "do anything. Dig it all up, if you like, only go to work."

So they go to work. They grub up the roses, and root out the bulbs, and dig up the paths, and the fountain, and the summer-houses, and turn the whole place upside down, and

leave it a desolation. They do, say, ten shillings' worth of damages each, and she pays them ten shillings each for doing it.

This money has not disappeared, but only changed hands, but there remains an actual destruction of useful property to the amount of ten shillings by each man.

Now to trace the result.

Take the first man as a sample of the lot. He is the richer by ten shillings. He steps across the street and spends it in goods. He is still the richer by ten shillings, only it is now ten shillings' worth of goods, instead of ten shillings' worth of silver.

But the shopkeeper is also now the richer by ten shillings. True, he had to give the goods for it, but unsaleable goods are worth nothing, and his goods were unsaleable. It was a real gain to him to convert his unsaleable goods into ten shillings' worth of general purchasing power.

Granting that the goods were not absolutely unsaleable, but only unsaleable at a profit, still the owner will not sell them at a loss, unless forced to do so; and if he is forced he will either throw up his business altogether (unless it is a mere exceptional and temporary glut), or, at the best, he will restrict his output. Now the ten shillings referred to helps, so far as it goes, to avert this cessation of or check to industry, and keeps production going.

He next spends this ten shillings in employing an idle shoemaker to make him a pair of boots, and still remains richer by ten shillings. That is ten shillings' worth of boots. Here the case is clearer still, for the boots, unlike the storekeeper's goods, were not things actually in existence, but were actually called into existence by the ten shillings offered. But the shoemaker is also now the richer by ten shillings, and he transfers it to a carpenter to make him a table, and the carpenter transfers it to a locksmith to make him a lock, and so

on indefinitely; each successive man becoming in turn the richer by ten shillings in some shape or other.

But for T's wife, none of these goods—boots, table, lock, etc., worth ten shillings each, would have been produced; so that society is the richer by the whole series of them through her act.

No. 1 wanted boots from No. 2, but had nothing to give in return that No. 2 wanted; and No. 2 wanted a table from No. 3, but could not make the lock that No. 3 wanted; and so they all stuck fast. Each wanted something from the other, but the wants did not fit and trade stood still, because the money which fits all wants (broadly speaking) was locked up in T's possession till his wife set it free. Directly she turned the tap the stream flowed forth, trade revived, and production began afresh.

So what the philanthropist and the statesman knew not how to do has been accomplished in a moment by the impulsive act of a simple-minded woman. Her apparently foolish and really wasteful act indirectly caused the production of goods many times exceeding in value the property she caused to be destroyed. But it is a poor view that estimates the utility of work by the mere production of goods. For if No. 1, instead of ordering boots, had paid his ten shillings to a schoolmaster to educate his boy, and the schoolmaster had passed it on to a dentist to pull out an aching tooth, and so on through a whole series of technically unproductive but none the less useful services, would not the result have been as well worth the outlay? But for T's wife the boy would have remained untaught, though the schoolmaster stood ready to teach; and the tooth would have gone on aching though the dentist sat idle in his surgery, and a whole train of difficulties would have remained unremoved and wants unsatisfied just for the lack of the half-sovereign which that good woman set spinning.

Now this is substantially what happens in real life. Saving,

in the sense of cessation of spending, stops everything, production as well as exchange, for one cannot go on without the other. If A ceases to buy B's goods, B will cease to produce them, unless C buys them instead; that is, unless one man's increased expenditure counterbalances and so cancels another's saving.

Of course there must be a basis of goods already existing, or else T's purchasing power will be of small use. But in real life there always is this basis. In the worst times the difficulty always is not that there is a deficiency of goods but that the goods don't sell, and the reason they don't sell is never that the goods are not wanted, but that the people who want them have not got the money to buy them, the money—the purchasing power (no matter in what form embodied) having accumulated in T's hands through T's habit of refusing to take W's goods in satisfaction of his debt, and so piling up an accumulation of claims against him.

In the business world, what constitutes a "moneyed-man" (or capitalist, as he is generally called) and gains him command over the goods and services of others is not goods or sovereigns, but claims. Not goods, for most moneyed men have no goods except what they want for their own enjoyment, while of those who possess large stocks of goods, many can't sell them or can't get paid for what they sell, while many others carry on their business on the credit system, and owe most of their earnings beforehand.

Not sovereigns, for few moneyed men have more than a few in their possession, and what sovereigns they receive they promptly pass on to the bank, converting their "money" into a claim on the bank. The sovereigns do not accumulate anywhere (except to a certain extent as necessary bank reserves), they pass from hand to hand, as much among the W's as among the T's: it is the CLAIMS that accumulate.

Note, too, for it is very significant, that whenever a business

man talks of "realising his capital," he does not mean converting his money into goods, but his goods into money, and he forthwith converts this money into a claim, getting rid of the coin at the first opportunity.

A crisis, then, is caused by the weight of accumulating claims, mostly purely tribute claims, pressing upon and exhausting earnings, and so breaking down industry. It is caused, in fact, by savings—accumulated and invested.

As a crisis approaches, the symptoms of its approach intensify. Employers finding themselves getting short of money begin to borrow, to renew bills, to entangle themselves in tribute more and more, thereby hastening the catastrophe; so that, like a stream approaching a waterfall, the current quickens before the final plunge. People say then it was the borrowing, the reckless trading on credit, that produced the mischief, when really the borrowing and the credit were but the natural symptoms and effects of the growing pressure on the workers. They HAD to borrow in order to keep going. Tension is at its height when a bank fails, or a big firm collapses; innumerable other people are involved in the failure, these involve others, and so ruin spreads in all directions. People now say it was the bank failure that did the mischief, whereas it really represented only that crack at the weakest place that indicated the intensity of the strain and the coming catastrophe that was bound to come somewhere. Of course, accident, indefensibly rash speculation, or swindling may precipitate or aggravate the crash, but it is bound to come in any case.

In all this we have an exact picture of our own commercial crisis, and of the conditions that preceded it.

(*a*) Nothing necessary to the continuance of productive work was wanting. The land was as abundant and as fertile as before; the minerals were there, the labourers were there, and as willing to work; the food, the tools, and everything neces-

sary to keep the work going were all present, besides more being in course of production daily.

(*b*) No break or hitch had occurred in the processes of production. The harvest was (as it turned out) above the average; the mines were more fully developed and giving greater promise than ever; the fruit trade had received a new impetus; we had timber and fish, and all kinds of natural products; and as to wool, the rain fell and the sun shone, and the grass grew, and the sheep ate it, and turned it into wool as usual, without our having anything to do with it. Our whole industrial machine was in perfect order and full swing, when suddenly it stopped! Why? Because Tribute had outrun Earnings.

It is said that the crisis was caused by loss of confidence. But there was no loss of confidence—THEN.

People were over confident, not under confident. They thought the West Coast minerals were going to give abundant employment for willing workers, a home market for farm produce, and golden fortunes for investors, and in their excessive confidence they ran mining shares up to fancy prices. They thought the ocean steamers that had begun to call regularly for our fruit had already established fruit-growing for exportation as a national industry. They had such confidence in an immediate prosperous future that they cheered on the Government to borrow recklessly, and to make railways right and left in places where there was no rational prospect of their ever paying working expenses; in one case to tap a district that actually did not wish for a railway at all.

It was not till the crash of a failing bank sounded in their ears, and firms went down like ninepins, that people began to lose confidence; and even then confidence was only shaken, not lost. Investors were throwing up their shares in all directions, not eagerly, and because they had lost confidence in their investments, but unwillingly, regretfully, from sheer inability to meet their calls. And why could they not meet their calls?

Because the strain of accumulating tribute had reached the breaking point, and at the first note of danger some of the tribute leviers, taking fright, or being pressed themselves, began to call in their claims; the people called on had to call in theirs, and so it went round.

It has been noticed with surprise that just before the crisis in Victoria the accumulations in the savings banks were unusually large. Just so. "Accumulations" will always be found to be large just before a crisis, for the simple reason that they are accumulations of claims, not of goods, and are exactly what cause the crisis.

The failure of the bank that startled the whole community and initiated the general break-up, so far from being the cause of the depression, was the first movement in relief, though, like other cracks caused by intense pressure, it hurt exceedingly. And all our well-meant attempts to lighten the calamity and let the victims down easy by "giving time" for payment are only prolonging the agony and widening its area.

Because tribute having outrun earnings (that is, claims having accumulated beyond the power of payment), trade cannot recover nor work proceed as before till the excess is—not paid—but wiped out. You may enable the immediate debtor to scrape through somehow by "giving time," but this only shifts the ruin to someone else, generally from the non-worker to the worker. The loss is bound to fall somewhere; and the longer it is put off the greater will be the number of those, quite unconnected with the failure, who must suffer grievous loss by the mere stagnation of business, and the longer they will suffer.

Neither the failure of the V.D.L. Bank as a particular fact, nor the crisis as a general fact, affected the real factors of production. The land was as abundant and as fertile as ever; the minerals remained awaiting development; all our inexhaustible natural resources remained unimpaired; the men

were as able and as willing to work; the food, the tools, and all the requisites of production were ready to hand as before; but the soil and the minerals have to remain undeveloped, the labourers wander about begging for employment, the tools rest idly in back-yards or linger unsold in the stores. Why? Because the purchasing power has accumulated in the hands of the leviers of tribute (who are now losing heavily themselves, and are afraid to re-invest till affairs have settled down again), and the workers, drained dry and with unsatisfied claims still hanging over them, can do nothing.

It is the accumulation of mere claims, airy, unsubstantial, but none the less formidable claims, that has worked all the mischief, concentrating the money in the wrong hands, in the hands of the people who don't work instead of in the hands of those who do.

And the capitalist, gorged with his "savings," looks with his good wife sadly out of the window at the misery around him, and wishes that "something could be done" to set business going again.

Rent and interest saved and invested, saved again and reinvested to appear as fresh savings (in bank ledgers), cause tribute to accumulate faster than earnings—claims to outrun the power of payment. A penny put out to interest and compound interest at 5 per cent. in the time of Christ would long ere this have amounted to a sum far exceeding the value of all the real wealth existing in the world. The interest upon it would far exceed the annual earnings of the whole human race, including what was required for bare maintenance. Why, then, has not industry broken down long ago? Because (as Flürschëim expresses it) the penny every now and again gets lost; because every now and again the workers, more or less of them, fail and go insolvent, and so much of the claims get wiped out. The burden itself breaks down by its own weight. For of course industry cannot break down, production cannot cease.

So long before any great general catastrophe can occur, slight partial catastrophes called commercial crises occur; a number of great firms collapse, spreading ruin all around them; commercial relations are thrown into confusion, trade is paralysed, production is checked, labourers are thrown out of employment, and a vast amount of suffering is produced, but so many claims are wiped out, so much of the burden is reduced, trade revives, and work gradually recommences.

A commercial crisis is a calamity, no doubt, and a terrible one, but it is a calamity that averts a still greater calamity. It is a timely and partial break-down that averts a later, wider, and more disastrous break-down. It is a catastrophe in a mitigated form that is bound to come sooner or later, and that the longer it is delayed the heavier it will be. And as the catastrophe is incomplete, so is the recovery. The burden is not abolished, but only reduced. The worker is not set free, but only so far relieved as to be able to get up and stagger along again, till the ever-accumulating burden causes another partial break-down and another partial recovery. There are good times and bad times in trade, but the good times are good only by contrast. There are times when profits rise above the average and employment becomes more abundant than usual, and wages therefore rise too, but poverty and distress abide with us all through. Life continues to be to most a bare struggle for existence. While tens are doing well, hundreds are barely making both ends meet. While wages rise above the average they still remain below, far and away below, the point which would secure to him whose toil produces all wealth, not merely a sufficiency of wholesome food and good shelter, which the working horse gets always, but what every willing human worker has a right to expect, and what alone makes life worth having—relief from the monotonous, incessant round of toil for others' enrichment, some leisure for recreation and amusement, not to mention instruction and improvement, some cheering

hope of a gradual rise to a better condition, and freedom from that ever-haunting anxiety about the future.

Is the picture too dark? It is dark truly, but not hopeless. Far from it. We have but to take one step further and the light breaks in abundantly.

ALL TRIBUTE ARISES FROM PRIVATE OWNERSHIP OF LAND.

Private Rent (as distinguished from State Rent) arises from the fact that someone has got possession of a piece of land which he does not intend to use himself, but forbids anyone else to use, except on payment of tribute—payment not for service of any sort rendered; but for mere permission to use that portion of the earth's surface,[1] which payment he will either spend on his own enjoyment or invest for fresh tribute.

And Interest arises from private rent, thus: If I have £1,000 saved for my old age, then if it consists of the actual food, clothes, and other goods that I expect to want in my old age, it will cost me much in barns, cellars, burglar-proof safes, and other precautions, with the possibility that it may be destroyed or stolen, notwithstanding all my precautions, and the certainty that many of the goods will be spoilt by the time I require them.

It would pay me well to let some responsible person use these goods gratis, on the simple condition that he would give me back a like amount of goods at a specified date. It would even pay me to pay him to take them on these conditions.

[1] I am speaking, of course, of economic or ground rent only, not of that portion of so-called rent which represents a charge for improvements effected.

But, of course, the savings that represent provision for old age are never really made in this way, *viz.*, in stored-up goods.

If my £1,000 consist of coin, then it will certainly cost me less to store it, but still it will cost me something, and there is always the risk of robbery. Again, it would pay me well to let someone else use the money on mere security given that he would return it when wanted.

But if it consist, as in practice it always does, in a mere suspended claim for payment, then no doubt it would cost nothing to keep, but I CAN'T keep it. The essence of the deferred claim is that I don't receive my payment, but get, or allow, someone else to use it.

But there seems no reason why this other person should pay me for doing what is as much for my convenience as for his; and, in fact, he would not pay me anything but for this—

THAT SO LONG AS I CAN, WITH THIS £1,000, BUY LAND, WHICH WILL BRING ME TRIBUTE IN THE SHAPE OF RENT, I WILL LET NO ONE HAVE IT EXCEPT ON TRIBUTE IN INTEREST EQUAL TO WHAT I COULD GET IN RENT.

Here, then, is the origin of Interest.

If the land were nationalised, and land were consequently no longer available for private investment, borrower and lender would stand on equal terms, and there would be no reason why either should pay the other for what was a matter of mutual convenience.

Rent would then go to the State to be expended in public benefits instead of to a private landlord to be expended on himself, or saved and re-invested for further tribute, which is worse still.

Imagine all the millions now invested in land thrown upon the market for investment. Everyone with savings now wants someone to take care of them. For they must be taken care of somewhere and somehow. Goods can be stored up, but

only at cost and risk, and with the certainty of destruction to some, and deterioration to all. Coin also can be stored, but also only at some cost and risk. And as it fetches no interest when so stored, there is no object in storing it. All saving, then, practically comes round to the savings bank type of savings—to mere claims for payment suspended, by one person against another. And how and where can these claims be kept suspended?

Say that there is £1,000 coming to me, and that I want to save it, that is, to let the payment stand over somewhere. There are only two ways in which I can effect this: One is to refuse to accept the payment from the person who owes it, and to allow or to request him to let the amount stand over for a specified time; which means that the debtor may himself consume the goods or spend the money due to me on condition of producing fresh goods or earning fresh money for me to the amount required at the time appointed. But I shall of course want some security that he will really pay the debt at the time appointed, and suppose he can't, or won't, give that security. Then I must accept payment from him, and hunt about for some responsible person who will consume these goods, or spend this money, under the proposed conditions of repayment. But when it comes to hunting for a borrower, instead of being hunted by him, the days of interest are about over. Consider the position. Savings by the million set free, with no land available to invest them in, and therefore seeking a responsible caretaker, and in a hurry to find him; for till he is found, the saving remains either as an uncollected debt in the hands of a doubtful debtor, or as a bag of sovereigns hidden away privately and temptingly to the thief, or else as a deposit in a bank which pays nothing, but, on the contrary, charges for the custody (for, of course, it will pay nothing for the deposit when thousands are applying to deposit), and realise that the same cause (the nationalisation of the land that has closed

LAND OWNERSHIP, as distinguished from land USE, against investment) that has increased the eagerness to lend, has, at the same time, diminished the eagerness to borrow; for those who want to USE land—to build, to cultivate, to mine—can now get all the security of tenure they require by simply renting from the State, or from the Municipality. All the money that the intending user had to part with, as purchase money to GET the land, can now be kept to WORK it, and the worker can snap his fingers at the money-lender.

If such a revolution were effected suddenly, it would dislocate society, throw everything into confusion, and cause widespread suffering for the moment; but if accomplished gradually, by the State (or preferably by the local bodies) being empowered to acquire the land compulsorily, at fair compensation, bit by bit (to LET to the workers in restricted areas) wherever it was wanted and AS it was wanted, it would only produce a steady fall of interest as the field of investment narrowed, and the necessities of borrowers diminished, till interest sank to zero; and those with savings laid by, for the only legitimate purpose for which savings need be made (that is to provide against accident and for old age and to give one's children a fair start in life) might even offer payment to responsible persons to "hold" their savings for them; that is, pay the borrower for borrowing, but for this; that the State, which represents the best security of all, could always find use for the money in setting all the unemployed to construct public works and render useful public services of all kinds. The State would never either be called upon to return what it received, for each lender who wanted to realise his deposit could do so by simply transferring his title to deposit to someone else who wanted to come in, as is now done with Consols; so, the land once nationalised, the State would get the benefit of the national savings and capital would have nationalised itself.

THE MALTHUSIAN DOCTRINE.

The Malthusian doctrine, as originally stated, was to the effect that population tends to increase in geometrical ratio while subsistence only increases in numerical ratio, and therefore that, unless the people are being constantly or periodically thinned out by the sword, the pestilence or a catastrophe of some sort, there must always be chronic starvation among the poorest classes, do what we will, till man learns to restrict deliberately his own increase by "prudential restraint."

The penalty for this excessive but inevitable increase is not prospective but ever present. It is not that starvation *may* come or even *must* come, at some remote, indefinite period; but that it always has been, always is, and always must be at work among us until this "prudential restraint" becomes a recognised duty.

Not perhaps that many will die of literal starvation, but that multitudes will be dying of the diseases, accidents, and exhaustion due to insufficient nourishment before actual starvation can overtake them, and also that considerable numbers would die of actual starvation but for charitable relief.

Inventions and discoveries, cheapening production, are not lost sight of, but as population promptly and proportionately expands, no rise of wages results. The law remains as relentless as ever, only there are now a rather greater number within its grip.

The words, "geometrical" and "arithmetical" are not to be taken literally, but only as forcibly expressing the much

stronger tendency of population than of subsistence to increase. But even so we find here several disputable statements grouped together.

(*a*) That the tendency of population is to increase so fast that the rate may pretty fairly be termed geometrical.

(*b*) That the tendency of subsistence to increase is (not accidentally or temporarily, but as a law) at a rate so uniform and slow, that it may be termed arithmetical.

(*c*) That the proper, in fact the only, remedy is "prudential restraint."

I. Take first the "geometrical" increase of population. The expression was no doubt suggested by the fact that there is a natural tendency in both sexes to pair; and that if every male and female grew up, paired and had children, the rate of increase would be literally geometrical, and, within measurable distance of time, the earth would not afford standing room, much less subsistence for them all.

But all this rests on an "if."

We find in practice that there are natural checks, quite independent of subsistence, that keep this increase within reasonable bounds.

1. More than half who are born die from the ordinary accidents and ailments of life before reaching a marriageable age.

2. Of those who reach that age, many, for various reasons that have nothing to do with want of subsistence, do not marry.

3. Again, of those who do marry—

A good many are absolutely barren;

Many more have only one child, or two;

Others have sickly children who die.

If every individual in existence found his mate, every pair would require to have two children merely to take their place

and so keep up the population. But as half (at least) die before reaching a marriageable age, therefore it would be necessary for every couple that did survive to pair and have four children to each pair merely to keep up the population.

When we strike off from these survivors all who cannot find mates, or won't seek mates, or who are barren, we shall find that, merely to keep up the population without any increase at all, it will be necessary that every couple marrying and having children should have about six. So that if we should look round at the average number of children that are born to a family, we should find that the rate of increase is not likely to be anything startling; and when we go farther and question statistics, we find that in countries like Australia, where there is work for all who choose to work and at what is recognised as "high wages," where subsistence is cheap, land fit for cultivation but uncultivated in abundance, and where there are no catastrophic checks, the actual rate of increase is only about 2 per cent. per annum, thus doubling about every 35 years. We may call this, then, the normal rate of increase of population. It is far from being a "geometrical" rate.

It is true that with extending knowledge, better sanitation and improved morals, many of the fore-mentioned ordinary checks on increase are being weakened in their effect; still they are pretty potent yet, and as they lose force another counteracting tendency comes into play.

It is found that as subsistence becomes more abundant and of better quality, and as life becomes more regular and artificial, fertility diminishes.

We find it so among the lower animals, and we find it so in man. Animals in poor condition breed more freely than those that are fat, and wild animals when domesticated have fewer offspring, and often cease altogether to breed.

The Western Irish or Highland woman, insufficiently nourished, and leading a half-wild, irregular life, commonly

has a large family, though this is no doubt partly due to early marriage; while among the upper classes, who are well fed and whose lives are regular and artificial, large families are by no means the general rule.

It appears, moreover, that as brain power is cultivated and as life becomes more artificial reproductive power diminishes, so that, with a rising standard of comfort, a more regulated life and higher intellectual tastes, a sort of Law of Diminishing Return comes in, and the increase of population slackens from causes having little or nothing to do with "prudential restraint."

All this, however, it may be said, is mere theory. Well it is a theory that has a great many facts at the back of it; not quite sufficient perhaps for demonstration, but quite enough to arrest attention and demand further enquiry. We do not wish to press it for more than it is worth.

II. "Subsistence increases only in numerical ratio." This is altogether an incorrect and misleading statement. Man's existence on the earth may be divided into three stages.

1. The primitive or hunter state, in which he does not *produce* subsistence (in any creative sense) at all, but only slays the animals that are already in existence, as the lions and tigers do, or gathers the natural fruits of the earth, as the birds and monkeys do. In this stage, there being no real production, subsistence does not increase at all—in *any* ratio.

2. What may be called the intermediate stage, in which man does not merely kill the lower animals, but domesticates them (or some of them), burning off the coarse herbage or otherwise improving and increasing the pasture and defending them from wild beasts; and not only gathers the fruits of the earth, but cultivates the soil and grows them, and so does really begin to produce—*i.e.*, create and increase subsistence. But in doing this he performs only such productive acts as are obvious and simple, using the rudest tools, and goes on from generation to

generation without any perceptible improvement in his methods. The Egyptian of to-day, for instance, cultivates his land in the same way and with almost exactly the same implements as he did in the days of the Pharaohs. Here there is a sort of rate of increase, and you may call it "numerical" if you like. It proceeds entirely by extension of area, not by improvement of method.

3. But there comes a time, when man begins to invent and to improve; when he begins systematically to observe and to reflect, to conceive new ideas and carry them out, investigating the laws of nature, and perfecting his instruments and his social and industrial organisation. From the moment that he once fairly enters this progressive stage his power of producing subsistence increases rapidly; indeed, so long as there is land enough, the rate of increase of production (whether of subsistence or other things) may much more fairly be described as "geometrical" than his rate of increase in population. Anyway it is a continually accelerating increase. And it might be made vastly greater than it is but for the obstruction of privileged monopoly. Take Australia where the rate of population increase is 2 %, and where but a mere fraction of the land is cultivated, and that fraction in the rudest and roughest manner. If the workers were allowed to use the land as fast as it was wanted, and if the method of culture were improved, it could easily maintain for a long time a population whose increase was really geometrical (which as we have seen it never is). As it is, it exports great quantities of food; and that it does not produce very much more, is due not to any inability of nature to produce much more, but mainly to the fact that under existing conditions of society, produce is raised not to supply human wants, but to yield a profit to the landholder; and as the rich man does not require more subsistence than the poor man, and the poor man can't buy all that he requires, the "effective demand" and consequently the price is

so low as to check further production. Nature (or human labour, whichever way you choose to put it) could at once augment the supply indefinitely if required.

When in any even moderately civilised and progressive country there are people starving, it is never the food that is lacking, but the money to buy it.

The whole doctrine in question rests on the assumption that as population increases there is an increasing difficulty in procuring subsistence.

This assumption we dispute, and we propose to show that it is based on a false inference from the Law of Diminishing Return and a false explanation of the Resort to Inferior Lands.

DIMINISHING RETURN *V.* DIMINISHING AREA.

But first, Diminishing Return is one thing, Diminishing Area is another, and we must not mix the two together.

Every one sees that if population is to go on increasing, no matter at what rate, a time must come when the world itself would not afford standing-room, much less subsistence. But we need not concern ourselves about that. So long as any country, provided with all the resources of civilisation and peopled by an energetic race, has an appreciable quantity of land of any sort into which a spade can be put, but which yet is uncultivated, it is concerned with the Law of Diminishing Return only, and not with the Law of Diminishing Area. Over and over again it has been shown that if you do but secure to the occupier undisturbed possession and the fruit of his labour, he will not only bring a full and sufficient subsistence from the most barren soil, but convert it into a fruitful garden and cover it with improvements. A time may

come when the Law of Diminishing Area must be faced, but it will not be for generations yet to come, and the Malthusian doctrine professes to concern us now and always.

There are two possibilities, both within view (so to speak) though not yet within touch, either of which would push the scarcity of subsistence difficulty clean out of sight.

One rests upon the fact that all subsistence is composed of oxygen, hydrogen, carbon and nitrogen, that the first three are procurable for the soil in any quantity without difficulty, while the fourth constitutes $\frac{4}{5}$ of the air all round us, but which we have not yet been able to "fix." But this "fixing" is a mere chemical process which nature performs constantly, but of which we have not yet learned the secret. Given certain conditions and nitrogen "fixes" itself. What we have to do is to ascertain those conditions. Imagine the crops that may be grown (with a few things added, already easily procurable) from the poorest soil when we have made this discovery! and it is one that may be made any day.

The other possibility rests on the fact that the conversion of the free elements into food products *direct* is also a mere chemical process which nature performs daily on the widest scale. There is no reason for doubting that what is now done daily for us in the field, may be done by us in the laboratory and later in the factory. Indeed, the first faint beginnings of the process have already been made.

Either of these discoveries (neither of which are a bit more unlikely than any other discovery now being taught, but not yet made) would relegate the scarcity of subsistence difficulty to a period so remote that no reasonable and practical person would concern himself about it.

But since to the ordinary mind a thing that man has often tried, but failed to do, is generally relegated to the impossibilities which only fools would ever expect to see done, this next consideration may have more weight.

No one, I think, will question that the greatest, most wonderful and most useful discoveries are the altogether unexpected, apparently impossible and almost inconceivable beforehand.

The wonders of electricity, photography, spectrum analysis, and a host of others, were never even imagined till they were discovered, and were received with incredulity even then.

The race that has learned how to send a message a thousand miles in a second, to see through closed doors, to transmit waves of force through stone walls and mountains, to take instantaneous pictures by sunlight, to reduce the most complex substances to their primitive elements, to weigh the moon, to find the distance of the sun, to ascertain in what direction an apparently fixed star is moving, may safely be trusted to find food for itself from the as yet uncultivated millions of acres, with ever improving methods and appliances, *once the privileged obstructionist is swung out of the way.*

THE LAW OF DIMINISHING RETURN.

The doctrine in regard to this is, that given so much labour applied to land and so much return to that labour, every additional increment of labour procures a less increase. Doubling the labour does not double the produce; and the inference drawn is that there must be an ever-increasing difficulty in procuring subsistence as population increases.

The doctrine is true; the inference is false.

Subsistence depends so largely on cultivation that people have got into the habit of speaking and (unawares) even of reasoning as if the whole process of procuring subsistence consisted in the cultivation of the soil; whereas, as we all know

but are apt to forget, it consists of a vast complicated network of actions (often not recognised as productive at all), carried on by innumerable people often thousands of miles apart, and having no visible or conscious connection with each other or with the soil—the actual cultivation of the soil forming a very small part indeed of the process.

Take bread as the type of subsistence.

The process of providing a loaf of bread begins far back (or at least we may there take our first glimpse of it) in distant regions where the lumberman and the miner are procuring the wood and iron for the construction of the tools with which the soil is to be cultivated, and is not completed till the baker's boy (or somebody) has placed the baked loaf in the hands of the person who is to eat it. Shipbuilders, architects, carriers, road-makers, merchants, clerks, manufacturers, and numberless other people each carry the work a stage on. Even the legislator, the judge, the policeman, who provide that security for life and property without which this complicated process would at once break down, all help.

You cannot leave out a single factor in the vast array and yet secure your result, any more than you can leave out one step in a journey of 100 miles and yet get to your destination; and every improvement in the tools, or the methods, or the organisation in any one of these countless departments, helps to reduce the cost and increase the facilities of procuring subsistence.

My point is that the facilities in all these numerous departments increase much faster than the increase of return from *the land* diminishes; and, as a consequence, it becomes *easier* every year to procure subsistence, notwithstanding the increase of population; indeed, in great measure *because* of it.

Two men working in combination will do more than twice as effective work as two men working in isolation; and three men in combination will do proportionately more than two in

isolation; and all work nowadays is combination work—that is, no one attempts to satisfy more than the merest fraction of his wants by his own work direct, but each does but a small part of some great work and buys the great mass of what he wants with the money he thus earns.

Every railway laid down, every improvement in the steam engine, every economy in coal, every discovery of phosphates, every success in tinning or freezing meats, every reaper and binder, double-furrow plough, and other similar mechanical invention helps to cheapen food—helps to make subsistence easier to procure.

Scientific discoveries, mechanical inventions, improved communications, diffused education, co-operation and organisation, all these factors are every day diminishing the amount of labour required to bring the loaf of bread within reach of the consumer, and so relieving an increasing number of people from the task of producing mere subsistence, and setting them free to produce luxuries and enjoyments instead. All which is only another way of saying that to provide subsistence is becoming easier.

The curious thing is that the Malthusian economist sees perfectly well that the production of *wealth* is becoming daily more easy; but, misled by the Law of Diminishing Return, he thinks that it is that kind of wealth only that consists of superfluities, and does not include subsistence—subsistence being dependant on cultivation, and the increase from cultivation tending to fall off.

But the land and the labour and the capital that are producing all these superfluities (and they all come at bottom from the land) might just as easily be producing bread, if more bread were wanted. But bread (or food stuffs) there always is in superabundance. There is always a good stock standing over, besides what is used up for manufacturing or sporting purposes as distinguished from human food. If more bread is

not being produced it is either because there is a sufficient abundance for all already, or else because, owing to something wrong in our social arrangements, the labourer receives so small a share of the produce of his labour that he has not money enough to buy with; and so the capitalist, whose real object in producing is to make a profit for himself, not to feed other people, will not produce the bread; in short, it is because the man who is in possession of the land won't grow the wheat, and not because there is any difficulty in growing it to any extent that may be required.

Why, then, it will be asked, is population driven to resort to inferior lands?

RESORT TO INFERIOR LANDS.

The orthodox explanation of this movement is that, as population increases, it *presses on subsistence*, and *compels* resort to inferior lands, subsistence becoming more difficult owing to the diminishing return.

The true explanation, we submit, is that as knowledge and skill improve and appliances multiply, lands that formerly could not be cultivated with profit now become worth cultivating, and so *invite* resort to them, no matter whether subsistence be short or not; subsistence becoming *easier* to procure in consequence of the diminishing labour required to secure a given product, and the increasing area rendered available.

According to the orthodox view, capital is the prime mover in industry, and will not move unless it sees its profit ahead; and it is assumed that all the land in a country (except in newly settled countries), which, at any given time, is profitable

to cultivate, is in cultivation, what lies outside being left uncultivated because it "doesn't pay."

But if it does not pay, how can mere increase of population pressing on subsistence make it pay, or make the capitalist content with a less profit? What is population to him?

Population pressing on subsistence means people getting hungrier and poorer, and less able to give paying prices. The effect would be rather to throw out of cultivation the worse lands in use than to bring into use worse land still, for a paying price is all that capital cares about. It will not resort to inferior land merely because food is getting scarce and people hungry; that would be contrary to all its instincts, contrary to the fundamental assumption on which the orthodox view rests.

But when, through improved instruments or methods or diminished cost of transport, or what not, the cost of placing a given produce in the market is so reduced that land which formerly did not pay will now yield, not as great a bulk, but as great a profit as better land did before, then capital will step very quickly on to these lands without waiting to ask whether population is pressing on subsistence or not, for subsistence is far from being the only thing that land will profitably produce.

It may be that there is subsistence enough already with a balance over to carry on, so that to produce more would be a needless over-production of perishable goods; or it may be that there is not enough (though that never really happens in countries that have once fairly entered on the progressive stage), but that those for whom there is not enough are paupers, and could not pay for it if there were enough, in which case capital would not think of producing it. But neither of these conditions will prevent capital from immediately utilising the inferior lands now become profitable, for if there is no subsistence wanted there are comforts and luxuries

to be got out of the soil, and these will always sell. There is always flax, wool, silk, cotton, to make fancy fabrics, draperies, and hangings of State, over and above needful clothing. There are always dyes and scents, flowers and ornamental shrubs, alcohol, tobacco, and condiments. Even simple food-products can be grown for other purposes than human food; to be used up for manufacturing purposes, as starch, etc., or for maintaining sporting dogs, horses, and game. There are always, in short, articles of mere luxury which the soil will produce, and which rich people will buy though the poor be starving, and the prospect of this is quite enough to attract capital to inferior lands without any pressure of population on subsistence.

Production, indeed, so far from falling short of subsistence, far and away outstrips it, and yet falls short still further of its possibilities. That is to say, there is always land in abundance that will yield useful products in abundance more than there are people effectively to cultivate it. If it were not so, then indeed we should be face to face with the Law of Diminishing Area; Malthus's bugbear would become a substantial and awful reality; and the further increase of population would be effectually stopped.

Resort to inferior lands, then, is not caused by population pressing on subsistence, but by the increasing productiveness of labour making lands profitable that were not profitable before. It would go on all the same were subsistence even more ahead of population than it is, and it is a sign not of increasing difficulty, but of increasing facility of providing subsistence, and of supplying all secondary satisfactions.

SUPPOSED EXAMPLES OF THE MALTHUSIAN DOCTRINE EXAMINED.

Let us take the two stock examples. They will be enough.

1. The Orissa famine in India. We may note, first, that in this case the people in question had not entered on the third or progressive stage of existence, and so we might expect that the Malthusian doctrine *would* apply; for we do not dispute its application as a general rule in the two earlier stages of existence. But as a matter of fact it did not apply.

In Orissa there existed a population practically cut off by want of proper communications and a low industrial condition from the outer world, and subsisting directly on the land.

If under these circumstances the expected rains do not fall, and, if the tropic sun beats down for months upon a baking soil, the crops will wither, the food supply will fail, and the people will die. If they are 10,000, the 10,000 will die. If they are 10,000,000, the 10,000,000 will die. If they are only ten, the ten will die. For as they all live directly from the land, the food supply will be proportionate to the people. The more the people the greater the food supply, the fewer the people the less the food supply. Had they "prudentially" limited their own numbers to half, there would have been only half the number of labourers, therefore only half the ground put in, therefore only half the crop. Be they many or be they few, if the crop fails they will die. Their numbers, or their rate of increase, has nothing to do with the matter.

2. The Irish famine. In the Indian case, the famine was real; that is, the food was actually non-existent. But in the case of Ireland there was no famine at all in the strict sense of the word; that is, the food was there, only the people had not the money to buy it. It was not the food supply as such

that failed, but only one particular branch of it, the potato crop. There was plenty of corn, roots, dairy produce, pigs, cattle, sheep, recognised food-products in plenty in the country. Corn was actually being exported from Ireland while the people were dying. The farmer might have hundreds of bushels of wheat and families be starving all around him, but he had his living to make and his expenses and his rent to meet, and therefore he had to sell his wheat elsewhere. Even had it not been so, there was abundance of food of all sorts close by in England, and, unlike Orissa, the communications were ample, and food could have been poured in faster than it was wanted.

The so-called famine did not fall on the country like a thunderclap from a clear sky; it gave due warning of its approach. The potatoes were known to be rotting, and they took weeks to rot. Any quantity of food might have been on the spot and ready for distribution before the pinch came. The people died, not through Nature's niggardliness, but man's injustice.

Had these unhappy creatures not been rack-rented to the uttermost; had they not been driven off the fertile lands to make way for the rich man's cattle, and crowded on to the barren mountains and seashore, to choose between rocks and bog; had they been secured in possession of the homes which they had made, and in the fruits of their own labour; had they been protected and encouraged to work and to save; they would not have been driven to depend on the potato for subsistence, and so would have had other produce to fall back on when the potatoes failed, and they would have had a little money to buy other food if their alternative produce ran short; as the potatoes grew scarce, corn would have risen a few pence per bushel in the afflicted districts, and it would have come pouring in spontaneously in reply to "effective demand." There would have been no disaster; charitable people would

have kept their money, and England would have been spared her deep disgrace.

But as it was, the disease did its work, the people had no potatoes and no money, and they died. Had they been ten times as many they would have died; had they been times as few they would have died. Their numbers, their rate of increase, had nothing to do with the matter. Landlordism destroyed them, and would have destroyed them equally had they, by "prudential restraint," limited their numbers to half; for the limitation of their numbers would not have limited the landlord's power over them—his power to drive them off the fertile lands into the bogs and mountains; his power to rack-rent, to evict, to confiscate; his power to plunder and oppress, and to reduce them to a diet of potatoes which disease might destroy, spreading desolation and death among them.

3. As for Malthus's remedy, the attempt to carry it out would make matters worse, not better. For the remedy is offered to the poorer classes where want threatens, not to the rich who are secure; and no one imagines that the whole body of the poor would adopt it at once. There must be a beginning; and the men and women who would begin would be the intelligent who could realise the situation and the argument, the strong-willed who could control their instincts, the unselfish and public-spirited who were ready to deny themselves for the good of the generations yet unborn; in a word, the best. And these best would consequently leave no children to transmit their excellencies; and the inferior would have just so much more room in which to multiply, and so much less reason for restraint, and would multiply just so much more. It would be a case of survival of the least fit—of the degradation of the race.

But if you want a practical test, take France, where Malthusianism *is* practised, with result—that wages are even

lower there than in England, where it is *not* practised, and the struggle for existence among the poor is quite as severe, while there is a lament throughout France that she is falling behind other nations in population, in power and prosperity, in consequence of the practice.

LABOUR V. CAPITAL.

The great distinctive movement of the age, a movement beside which all other movements fade into insignificance, is the ever widening and intensifying struggle between Labour and Capital. Some say it should be called the struggle between Labour and Monopoly. Possibly that is what it ought to be, but that is not what it is. As a matter of fact, the workman strikes against his employer, who seldom has any monopoly at all.

Not only is this struggle ever widening and intensifying, but it is fast changing its whole character. Instead of being, as it originally was, a series of desultory disconnected risings of this man's employés, or of that trade or branch of trade, it is becoming a vast organized rising of Labour as Labour against Capital as Capital; a rising in which one trade helps another trade, one county another county, and even one nation another nation, and which is forcing Capitalists to form combinations on their side.

Every campaign is now more carefully thought out and planned, better organised and provisioned, wider extended, more prolonged, more bitter, and approaching ever nearer to armed insurrection and civil war. The Broken Hill and the Shearers' strikes in Australia, the Carnegie and Chicago strikes in America, and the Hull and Wales strikes in England are cases in point. The attitude of the upper classes, of the press that chiefly represents them, and of the economic authorities generally, is distinctly antagonistic to the workers' claims, or

to their actions (the only actions by which they can enforce their claims).

The Economist and the Statesman alike admit that the labourer's toil is long and his pay poor, but declare that the Government cannot help him. Some say that the remedy is in his own hand, as wages are a matter of free contract, and it is his own business to insist on better terms; which seems almost like a notice to him to strike, seeing that no one can be simple enough to suppose that the employer in these days of intense trade competition will grant more pay or exact fewer hours merely because the labourer asks for it, or thinks he ought to have it; others, again, say that it is the result of an iron law of nature for which there is no remedy, poverty being the necessary lot of the unfit and the superfluous in the struggle for existence; while others again declare that it is all the labourer's own fault for multiplying too fast, for being improvident, for this, that, and the other thing; but above all, for his mad folly in fighting against Capital, which they declare to be the friend and support of Labour, and to consist of the requisites of production, briefly expressed by the terms food and tools.

It is with the last of these declarations that I propose to deal.

Is Capital the friend and support of Labour? Does it consist of food and tools?

Words are but the arbitrary signs of ideas; they have no natural and inherent meaning; their meaning is determined solely by custom, the custom of those who habitually use them in daily life. But the question before us is not as to the meaning of a word, but as to the nature of a thing, the thing the quarrel is about, the thing that, rightly or wrongly, the disputants call Capital, and in the name of which the one party makes a claim and the other resists it; the thing which, under the name of Capital, rules the market, buys goods, hires

services, starts enterprise; which the State levies as taxes, which the rich lend and the poor borrow, which fetches interest; the thing, in short, which the striker and the locker-out, the employer and the employed, the producer and the consumer, the buyer and the seller, the borrower and the lender, the whole working world in short, without exception, recognises as Capital, and which the Economist himself, directly he quits spinning definitions out of his inside, and goes out into the street as a citizen to do business, recognises as Capital, lends or borrows as Capital, receives or pays interest on as Capital. If the Economist does not mean by Capital this well-known, universally recognised Capital, but some ideal abstraction which is dependent on definitions, then it is no matter what he means, he is merely quibbling about words, he is talking of one thing when the dispute is about another, and he need not be surprised (though he is, and shocked, too) to find that the parties to this dispute pay no attention to him.

He says it is food and tools. If so, then the producer of food and the manufacturer of tools being the creators of capital, and able to create as much as may be required, should be lords of the industrial world, whereas we constantly find the food-producer with his barns full of wheat, so cheap by reason of its abundance, that he declares he can't live, and the tool-maker with his warehouse crammed full of unsold tools, both on the verge of bankruptcy for want of this Capital, and going for it to the man who has neither food nor tools; that is, no more food than what he buys for his own consumption from day to day, and no tool more effective than a pen-knife or a walking-stick; and this man, with a mere stroke of his pen, advances them the Capital they want—on good security and for a consideration.

What is this Capital that he supplies to them? Obviously the way to find out is not to sit back in your chair, close your

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eyes, and spin definitions, but to take the thing and inspect it, and so looking at it you will see at once that it is money; not money in its occasional and restricted sense of mere coin, but in its larger, more general, more practical business sense of Purchasing Power—of command of the goods and services of other people—the power to obtain these goods and services without rendering any fresh goods or services in return—the power of getting them for nothing, in short, by virtue of a claim registered in a bank ledger, on a title deed, mortgage, Government debenture, or scrip of some sort; a claim registered *somewhere*, which, for convenience sake, we shall call a bank balance, and which, though made *through* some particular person or firm, is really *on* the general stock of goods and services, all which claims, if wiped out with a sponge, would leave the sum total of real wealth, of food and tools, of goods and coins, of articles of every kind absolutely unimpaired. (I am not proposing to wipe them out, I am only pointing out the unsubstantial character of this so-called "Capital.")

When a man is said to have £1,000, it is never understood for a moment that he has 1,000 sovereigns. No one ever has 1,000 sovereigns, or, if he has, he promptly proceeds to "deposit" or "invest" them, to get rid of them to someone else, and so convert his "money" into a standing claim on that someone else. The moneyed man, or Capitalist, never has any sovereigns (worth mentioning); the sovereigns are all out, circulating from hand to hand among the people who have "no money." The Capitalist's capital has no substantial existence at all; it is a mere recorded claim on other people's earnings: Rothschild's, on the revenues of certain States; Colonel North's, on the proceeds of certain nitrate beds; everybody's, on the goods produced by other people. Often it never had any substantial existence even at the beginning, but originated in rent, *i.e.*, a claim on somebody for mere permission to utilise a certain portion of the earth's surface, a

permission (or privilege to deny permission) which obviously in itself adds nothing to the stock of real wealth.

Even when it had a substantial existence to begin with, that substantial existence has long ago disappeared. If it consisted in money lent, the money was promptly passed on by the borrower, and is lost in the general circulation, as it was its function to be. There is no more of it in consequence of the Capitalist lending it instead of spending it himself. If it consisted of goods, those goods have long ago been consumed. If it consisted of work done, then the work WAS done, and the results of it alone remain. In all cases alike all that remains to the Capitalist is his claim for repayment and for interest till the repayment is made. Neither claim for repayment nor claim for interest add anything to the general wealth. Yet it is all that the Capitalist's capital consists of.

Capital is food and tools! What then means this financial crisis, this check to production and stagnation of business, this cry of "no money"? What mean these insolvencies in all directions for want of capital to carry on, these willing workers unemployed for want of capital to employ them, and Government and private employer alike stopping useful works, and bidding men throw down their tools, while the farmers are crying of ruin by reason of the cheap abundance of food, and tools gleam unsold in the shops, or rust idly in back-yards? There is no want of food and tools here; yet all agree there is want of capital.

Everyone recognises the owner of a Bank balance as a Capitalist therefore a Bank balance as Capital; but no one recognises food or tools, or goods of any kind as Capital, unless they are convertible by the owner into "money"; unless he can either sell them or put them to some profitable use. Profitable, mind; not useful. The usefulness is neither here nor there. They would be usefully employed in feeding or assisting poor people who would put them to good use, but

could not pay for them; but that would not be "profitable." They might, on the other hand, be used to run a totalisator, which merely facilitates gambling; that would not be useful, but it would be "profitable." Goods that could be put to the latter use would count as Capital; to the former use, not.

The very expression "realising one's capital" shows what is the meaning of the term, for everyone understands by it turning goods into money, not money into goods. Notwithstanding all this, I have been condemned by certain economic critics, because, in treating of these only too common disputes between employers and employed, I have used a common business term in the common business sense as the disputants do.

I am told that economists are agreed that the thing which the parties are contending about, and which they call "Capital," is not Capital at all; but that "Capital" is something else quite different, *viz.*, food and tools; and that, therefore, I am only abusing terms, and creating confusion, and should be promptly ruled out of court.

But surely it is not I who am creating confusion.

What if a Zoologist in the same way in a dispute amongst Americans as to the nature and habits of their buffalo, telling them they did not know what they were talking about, and were only abusing terms and creating confusion, because there are no buffaloes in America at all; the animal so called being really a bison, and the true buffalo a quite different animal, only found elsewhere?

In addressing the outer world you must use the language the outer world understands if you want to be attended to. And not only does the outer world invariably understand by "Capital"—money power, and not actual food and tools—but the economist himself invariably does the same, where he is dealing with practical issues instead of spinning definitions.

The Capitalist's claim may be quite legitimate, you will say.

Possibly; but at present we are not concerned with the ethics of the case, but with the facts. We want first to realise clearly what Capital is—this thing which the parties at issue call capital, and are fighting about. We are constantly told that Capital is necessary to progress; but yet, if it consists of a mere claim by one person on the earnings of another, it clearly is not necessary, no matter how legitimately such claim may have arisen.

The Capitalist is resolvable into three types:

1st. The Landlord-Capitalist; so called to distinguish him from the landowner who has been compelled to buy the limited area he holds for personal use, as the only way of obtaining security of possession, and the fruits of his own labour in the future.

Land and Capital, I am aware, are quite different things, and therefore the landowner, as such, is not the same as the Capital owner, as such. He differs from the Capitalist, or money-owner, in many important respects; in owning that which no one has produced, but only appropriated; which is not a product of nature but nature herself; which is limited in extent and impossible to increase, and which is the first necessary of life, being the source from which all other necessaries proceed. Still it belongs to the recognised Capitalist or tribute-levying class, the class against which Labour is rising; he makes common cause with the others of that class, and is the ultimate cause of the failure of all strikes by withholding land, and so producing a class of unemployed whose competition for employment breaks down Trades Union resistance. He acquires land not for personal use, but as an investment of Capital, that is, not to use, but with the avowed intention of preventing anyone else from using it, except for the highest rent which the widest and keenest competition can secure, and with the legal right to hold it back as long as he pleases, thereby producing an artificial scarcity of land, and

forcing up all land values; and this, notwithstanding that labourers remain unemployed, tools unused, wants unsatisfied, through this denial on his part of access to the land, the ultimate source of all industry. His land, in short, is to him a mere investment of his Capital; a mere plea to demand backsheesh from anyone who wants to use it.

Moreover, land and Capital have been exchanged backwards and forwards so often that it is a mere chance whether any given Capitalist at any given moment holds his Capital in land or in money. The Landlord is the fundamental Monopolist, the owner of the one monopoly from which all other monopolies proceed, no matter how apparently unconnected with the land. Still he is a Monopolist, and a tribute-levier like the rest, and the chief of them; one of the class against which, under the name of Capitalism, Labour is rising, and for present purposes we include him with them, as the world at large does.

The Landlord-Capitalist, then, is one who has invested his Capital in acquiring exclusive possession of a certain portion of the earth's surface, and who makes his income by exacting tribute from others for mere permission to use it. He exacts this tribute in either of two ways: by allowing the user to use it as a tenant only, paying him rent, or as a hired servant only, producing goods which are to belong, not to him who produces them, but to the landowner who permits or employs him to produce them, the real producer receiving only "current wages." The Landlord's income thus rests upon a claim, a claim to land. He lives by graciously allowing other people to put the land to use—for his enrichment—and great honour is accorded him for permitting them.

2nd. The Money-Lender.—Of actual coin the money-owner, as we have seen, has next to none; but he has the command of it, and through it of all purchasable things, by virtue of some registered claim on somebody else, and his loan of money consists of a mere transfer to the borrower of power to draw

upon this claim (that is, on that somebody else) to a specified amount. He supplies no coin, no goods, no tools; it is the "somebody else" who supplies all these, but it is the Money-lender who gets paid for them.

3rd. The Investor.—This is supposed to be a Capitalist of a quite different and superior type to the Landlord and the Money-lender, for these last clearly contribute nothing that was not already present, and take no part in enterprise, but only demand tribute, one for the land which he did not create, but only monopolises, and the other for the food and tools which he does not produce, but only commands. But the Investor is looked upon as the very life and soul of enterprise, its originator and director, a sort of worker *in excelsis*, without whom no work of any magnitude could be attempted.

But the fact is that he only differs from the other two in this: That they are non-working tribute-leviers, naked and not ashamed, while he is a non-working tribute-levier masquerading as a worker. For example, A B and C have saved £1,000 each. A buys a piece of land, and, sitting comfortably at home, lives without labour on his tenant's rent; B lends his, and lives without labour on his debtor's interest; while C takes shares in a railway, and lives without labour on the profits produced by the *employés*. Not one of the three provides or does anything towards producing the rent, interest, or dividends on which he lives.

Take an example from actual life, say, the Broken Hill strike. On one side were the miners who, with their strong arms, supplied the labour. On the other were the investing shareholders who by their capital supplied—what?

The food and tools? Nothing of the sort. The people who supplied the food were the farmers and farm hands who grew it. The people who supplied the tools were the manufacturers and factory hands who made them. To work the mine supplying everything, two sets of men only were wanted: one

to produce the food and tools, the other using these to extract the ore. The shareholders no more provided the food and tools than they extracted the ore. They produced nothing, they provided nothing, they did nothing. The food-growers and tool-makers on the one hand, and the miners on the other, provided and did everything; but, unfortunately, they had not the money, the purchasing power to command their own products. This was all concentrated in the hands of the Capitalists, and the Capitalists used it to exploit both sets of workers alike, commanding first the food and tools produced by one set, afterwards the ore produced by the other set, and standing ready with the profits so acquired to command the next enterprise, whatsoever it might be, and by whomsoever originated and carried on.

Were the Capitalist and his Capital—his accumulated claims commanding everything in advance—to disappear, nothing necessary to the work would have disappeared; the two sets of workers combining could have produced and used the food and tools (which the Capitalist now commands) to extract the ore (which the Capitalist now commands), and share between them the profits (which the Capitalist now commands).

It is a tremendous power, this power of the Capitalist, who produces nothing, provides nothing, does nothing, but commands everything. It rests upon his sovereign will whether the soil shall be cultivated, whether the minerals shall be extracted, whether the city shall expand, whether the labourer shall work or starve. He, the one useless being, holds the keys of heaven and hell, so to speak, and the millions, who bear all the toil and produce all the wealth, are but the pawns with which he plays his game.

Never does the labourer get the chance to come into possession of the fruits of his own labour.

The Capitalist gets credit for many things with which his Capital has nothing to do. He is constantly being represented

as the captain of industry, the originator and director of enterprise. But the two characters, though sometimes combined in the same person, are quite distinct. In ever increasing degree the initiation and direction of industry are parting company from the ownership. Large enterprises are ever swallowing up small ones, and at the same time merging into companies and syndicates, wherein the originators are paid, perhaps, by the allotment of a few shares, and the directors and overseers receive salaries and wages, but the concern, as a whole, is owned by, and the proceeds divided amongst, a number of shareholders who, for the most part, know little or nothing about the concern, except that they believe it likely to be a "good thing," and have practically no more to do with its control than they have with the control of the British Navy. They buy their shares and they draw their dividends. That is all they have to do with the matter. It is the mere power of the purse that commands and appropriates everything, giving nothing in return.

But the Investor takes the risk (?). Some of it, but nothing to what the labourer does. If the venture fails, the Investor loses so much, but generally has plenty left to be comfortable on, for few people are so foolish as to put all their eggs into one basket; while the labourer loses his employment, his sole means of living, and is often long before he can find other employment. But apart from this, the labourer risks life and limb and health constantly. He risks lead-poisoning in one mine, explosion or suffocation in another, rheumatism here, mangling by machinery there, disease and accident in a thousand forms. If he is maimed or killed, it is he, not the Investor, who suffers the pain, and his wife and children, not the Investor's, who lose their breadwinner.

But the plea is a sham in every way. Suppose someone else appropriated the fruits of the Capitalist's investment on the same plea that he appropriates the fruit of the labourer's em-

ployment, *viz.*, that this "someone else" takes the risk, ensuring the Capitalist against absolute loss (though the Capitalist does not ensure the labourer against this by any means, as I have pointed out), and in return allows the Capitalist just about as much to live on as the labourer gets, I think the Capitalist would denounce it as both an impertinence and a robbery. Yet there would be less wrong done in this case than in the other, for the Capitalist is not compelled to find investment for his Capital as the labourer is compelled to find employment for his labour. He can live on his Capital (so long as it lasts) instead of investing it, and then work like other people, while the labourer must find employment, and quickly, or starve. The claim of the labourer for work is the natural and just claim to the opportunity to earn a living by honest work in supplying the wants of himself and others, either by direct access to nature, or, if that be denied him, then by some useful work set him by those who presume to close nature against him; while the claim of the Capitalist to the opportunity to get interest or profit is the claim to live on other people's labour. Moreover, this claim to take the risk—and the profit—is rather a thing to be resented. The labourer will always only too gladly take the risk if he may have the profit. The prospecting miner, for instance (almost the only labourer who gets the chance of taking his own risks), will gladly work for weeks and months, on and off, as he can find the means, on the mere chance of success, a chance which (in mining) is always heavily against him; while Capital is notoriously timid, and always asking for "security."

As to Capital representing the savings of the Capitalist. What has he saved? Food and tools? These are what Labour is producing from day to day.

If the Capitalist could save these he would be doing more harm than good. To "put by" food when people are starving, or tools when people are idle, would be to do a cruel wrong and

waste a good opportunity. Food is produced to be eaten, tools to be used—not put away. Moreover, food and tools cannot be saved to any appreciable extent. The food would generally spoil quickly, the tools rust slowly, both meanwhile lying uselessly idle instead of rendering useful service.

The Capitalist, however, saves neither food nor tools, nor yet goods of any kind; he only accumulates claims on other people. It is right enough to put by such food and tools as will keep when they are in excess of present wants, but not otherwise. However, they are not put by to any extent. Mill has shown clearly that what are called accumulations of Capital are (in so far as they consist of utilities and not of mere claims) the result of continuous reproduction, and the great mass of what is of any age, such as houses, furniture, etc., never has been "put by" at all, but used from the very beginning, only being of durable materials has outlasted the use. It is the claims that accumulate and figure as Capital, and the more these claims accumulate, the heavier grows the burden that industry has to bear.

But, again, it is said that even if Capital is after all only a claim to take, it is a claim that represents past services rendered, and is therefore fairly earned.

Capital represents past services! Suppose it did. No conceivable service could be so great as to give the renderer and his successors for all time this all-embracing, ever-increasing power—this command of all the opportunities, and the requisites, and the products of production from generation to generation, rolling up fortunes that grow the bigger in ever-rising rents and ever-accumulating interest and profit the farther they get from the original service-renderer.

And the greatest services rendered never have established such a power. The greatest service-renderers of the human race have been the Moral Reformers, the Scientific Discoverers,

the Martyrs for Truth and Liberty; and such men are not paid in base money, nor found a race of Capitalists.

The Capitalists' claims have for, by far, the most part originated in no service at all, but often very much the reverse. Here and there a man like Brassey, or Geo. Moore, or Edison, has made a large fortune by great gifts usefully applied, but such cases are the brilliant exceptions. Fortunes have for the most part originated from unjust Monopoly, by acquiring land and waxing rich on the unearned increment; by rings and syndicates, and tricks played with the market; by inheritance put out to interest and compound interest; by wild but fortunate speculation; by heaps of ways conferring no benefit on society, and often grievously injurious.

But let the original service (where there was any) be never so great, it could not be great enough to win for the successors who did not render it, as well as for the original person who did, this tremendous, this crushing power over the workers, and command of all the opportunities and fruits of work.

Meanwhile the Capitalist remains king and lord of all.

Are minerals discovered? Then they are either on private or on Crown land. If the former, the Capitalist Landlord claims them; if the latter, it is Capital only that can buy up shares in the Company that has to be formed. Does some worker invent a machine? He must find a Capitalist to take it up, and content himself with such share of the profit as the Capitalist may agree to leave him. So with a railway or any other enterprise that may be started. No matter who originates it, who plans it out, who provides the requisites, who carries on the work, it is the Capitalist, the money-owner as such, and not the worker as such, who gets more than current wages, who skims all the cream.

It is the same all through. While it is work that alone produces real wealth (*i.e.*, goods) it is money that makes money. There is not an opportunity for work, or a requisite for work,

or a product of work but the Capitalist commands it, virtually owns it, in advance. This is the grievance that the worker is rising against. He utterly disbelieves that it is the unalterable law of nature that the proceeds of work shall go not to the man who does the work, but to someone else who has no hand in it whatever, but who, by some maladjustment of our social arrangements has been allowed to get the command of everything and to live in idleness on the earnings of others by his power to practically prohibit all work except by his permission, on his conditions, and for his profit.

Pray observe that I am not suggesting any new meaning to an old word; I am only dragging to light the meaning that people already really have without fully realising it. I am only pointing out that whatever Political Economists may declare in their definitions, the idea that everyone has in his mind (even the Economist himself when he means business), when he uses the word Capital, is MONEY. Not goods, but purchasing power; not food and tools, but the command by one person of the food and tools produced by another. And I further point out that this command and virtual ownership of the food and tools inevitably gives the command and virtual ownership of the goods which the food and tools are used to produce.

This Capital, this accumulation of claims commanding everything (the possession of which, in real life, confers upon its owner the title and power of a Capitalist), so far from assisting industry, actually hinders it, and in this way: An industry that will simply maintain a single man (let alone a family) is *ipso facto* a productive industry, and as such should be allowed to proceed—may we not say has a just RIGHT to proceed? Yet every such industry must be in some place, that is, on some piece of land, and therefore at some Landlord's mercy; and unless it will not only maintain the worker, but also yield rent to a Landlord, or interest to a Money-lender, or profit to an

Investor, tribute to some person who does nothing—it is not allowed to proceed, and the man who could easily and would gladly maintain himself must wander the country, begging for work or charity, living one way or another on somebody, and therefore at the country's expense, bringing down other people's wages by his eagerness for employment, and suffering moral deterioration through his enforced idleness, his acquisition of vagrant habits, his constant receipt of charity, which break his hope and spirit, and gradually destroy his self-respect.

The Land Nationaliser says that Land Monopoly is the great enemy. The Socialist says it is Capitalism. Each is right in his own way. Land Monopoly is at the bottom of the whole business. But for this so-called right of the Landlord to bar access to natural resources, to limit the field of employment, and to extort tribute for permission to work, Capitalism could never have arisen. Land Monopoly, in short, begot Capitalism. But the child has outgrown its parent. The Landlord, owning the prime requisites of production, commands the stream of industry at the fountain head, but the Capitalist now commands *him*. The great Landowners are being ruined, the outside Capitalists are buying them up, and combining the two characters in one. Whoso owns land, but not Capital, will soon cease to own land; but whoso owns Capital can own land whenever he likes; and often does virtually own it already—by a mortgage.

The Economist tells us that this tremendous power of the Capitalist (or of Capital, as he expresses it) is a part of the Economic law, which is the law of nature. But we know better. We admit that the laws of Political Economy are the laws of nature, but we think that the laws of Political Economy are one thing, the laws of the Political Economist another. As for the law of nature, we know that it is all the other way. The law of nature is that the industrious shall prosper, and the idle come to naught; that he who produces much and

consumes little shall have abundance in his old age, while he who produces little or nothing, but lives luxuriously and wastefully, shall starve ; and that the more disagreeable, or dangerous, or unhealthy the work is, the higher the pay that the worker will expect for doing it. But under existing conditions all this is reversed. The man who can live luxuriously and wastefully, and yet not come to want, is the man of "independent means," that is, the man who produces nothing, but lives on the produce of other people in rent and interest, and whose future is thus assured, while those who work the hardest and the longest, and at the most monotonous and depressing, disagreeable, or dangerous work, are, as a rule, precisely those who are the worst paid. This is neither the natural law (the law of necessary sequence) nor the moral law (the law of desert), and the workers are beginning to realise that there must be something radically wrong in our institutions (though they do not yet see clearly what it is) to produce such results, and that it is quite possible, though it may take some time, to set it right.

If Capital consisted of food and tools, of coin, or of goods of any kind, it could in itself have no power over Labour. If I have access to land whereon I can make myself a home, grow my own food, and employ my Labour usefully either in direct supply of my own wants, or in exchange of mutual service with my neighbour, though I may not become rich, I am at any rate a free man, with a sufficiency in the present, and a hope in the future. If in such case a man with much money settles on one side of me, and a man with many appliances on the other, I am no worse off, but the better ; for the one will be able to pay me with his money and the other with loan of appliances for services which each will want, and so long as I have this access to land I need not take service with either unless they make it well worth my while.

So long as I have access to land.

But let either of them get hold of my land, and I am a free man no longer. I can hold my old home no longer except on my Landlord's sufferance, and must get him, or someone, to employ me on any terms, or I die.

The evil, the one great wrong that lies at the bottom of wage slavery, and of the whole industrial difficulty, is Land Monopoly; the cutting up of the whole surface of the available earth into square pieces, and allowing the rich to buy it all up and charge the poor for the mere permission to live by their own labour.

The Economist tells us that far more Labour is employed off the land than on; in working up and distributing the raw products of industry than in merely producing them; and the inference he suggests is that Land Monopoly cannot do so much harm after all.

The statement is true; the inference is false. It is all the other way. What the fact really indicates is the enormous power of obstruction possessed by the man who owns the land, the source of all these subsequent industries. He stands at the fountain head of industry, and can stop the whole stream at any moment as suits his interest or pleasure.

For 100 men employed in producing iron ore there are thousands employed in working this up into (say) rails, in transporting the rails, in laying them, in making the engines and carriages, without which the rails would be of no use, in running the railway, and so on. And the mineral landowner, who, by demanding an exorbitant royalty, compels the mining company either to throw up the work or to bring on a gigantic strike by the attempt to force down wages, not only throws the 100 miners out of employment, but the many thousands more who would have been employed in making, transporting, and laying the rails, and running the railway, besides the thousands more who were employed by the wages which all these people spent, but which are now stopped.

Future generations will wonder how we, with all our scientific attainments and diffused education and political rights, could have tolerated, much more believed in, a system which allowed and encouraged the rich to buy land AS AN INVESTMENT—that is, not to use, but with the sole and avowed purpose of preventing anyone else from using it, except on payment of the highest rent that could be got out of him; that is, for the utmost he could be got to give rather than go without the land and HAVE NO means of living, and that it was further perfectly allowable for the purchaser to hold back as much of this land as he chose, for as long as he chose, either to force up its price or for mere purpose of sport or any idle whim; that he might forbid the soil to be cultivated, the minerals to be worked, the city to expand, though land values were rising all around through the artificial scarcity of land so produced, and thousands were without work, tens of thousands without homes, and hundreds of thousands forcing down each other's wages, or cutting down each other's trade profits, in their desperate competition for employment or custom.

Make property in the PRODUCTS of Labour as secure as you can, but abolish, gradually if you like, but resolutely, all ownership in the *opportunities* of Labour—in that which is the ultimate source of all industry, the land. Secure the *user* of the land in his possession, in his improvements, in the fruit of his Labour, but abolish the right of the irresponsible despot to say to one man, you may be homeless, but you shall not build here; to another, you may be foodless, but you shall grow no food here; to a third, you may be without employment, but you shall do no work here, simply because I am the lord of the earth—of this part of it, at any rate—and I choose to forbid you. The man who owns the opportunities of Labour owns its fruits, and practically owns the men who must live by producing them. He, indeed, may be over head and ears in debt to

other people, and so be none the better off, but that does not free the labourer.

If slavery may be defined as the power of one class to hold another in subjection, and appropriate the fruits of its Labour, then slavery is as rampant now over the whole civilised world as it was in the days when men and women could be bought and sold like cattle. It may be changed in form, it may be mitigated in degree, but it is the same in kind. There is, as before, one above who does nothing but lives on the Labour of those below, only he is no longer called a slave-owner, but a Landlord or Capitalist. Under him are others who, for better pay than the lowest workers, direct the work and extort the wealth which the big man above receives, only they are no longer called slave-drivers, but Capitalist tenants, superintendents, or middlemen of one kind or another. Below are the working millions, who toil for bare subsistence, and many of whom can hardly get that, though they it is who do all the hard work, and produce all the wealth.

The new form of slavery is better than the old in some respects, worse in others. Better in that the labourer can no longer be bought and sold like a beast, kicked and flogged, nor have his family taken from him; but worse in that the patriarchial tie that formed the one redeeming feature of the old system is gone, and there remains but a cold-blooded commercial transaction, with the mockery of a free contract.

The law, or custom, and public opinion, required the old slave-owner—at least, in recent times—to see that his slaves had enough food and shelter and clothing, and was expected to keep them in sickness and old age; but the modern Landlord, or Capitalist, has no responsibility of this kind, and may send his men adrift directly they cease to be of use to him, not exactly (nowadays) to die, but to be maintained grudgingly and ignominiously at the expense of the people.

We may put it that the old slavery was individualistic, the

new collective; that is, that under the old system each slave had a recognised master whom he was bound to serve, and who in turn was bound to maintain him, so that between the two there was a mutual responsibility; while under the new system the worker is an ownerless slave, who is bound to find a master for himself. The Capitalist class collectively thus owns the working class collectively without any individual responsibility for any one of them.

And all this is solely because Labour is denied access to natural opportunities—to that source of all industry, the land. The worker may not make himself a home in the neighbourhood of his work, though land fit for sites and practically unused abounds; he may not grow his own food, may not find employment in producing and working up, singly or in co-operation, the grain and the roots, the milk and the meat, the flax and the wool, the timber and the bark, the lime and the stone, the gold and the tin, the coal and the iron, the raw materials in all their countless shapes, all of which come from the land, and all of which together go to form the countless utilities and comforts, for the want of which they suffer poverty, but are thrown upon an "overstocked labour market" to scramble for a master, only too glad if they can get one on any terms; and so wages are determined, not as they ought to be by the moral law, not as they would be by the natural law (by the amount the labourer could get for himself by direct access to natural opportunities), but by that cut-throat competition for employment which tends to reduce wages to bare subsistence, and is fast driving the working classes into Socialism and open revolt.

We constantly see the three prime requisites of production left idle; men unemployed, tools unused, land either not put to use at all, or put to far less efficient use than is required of it. But we never see raw products lying idle. We never see cotton or wool, wheat sheaves or sugar cane, bricks or boards, bar iron or sheet copper, silver or tin, kicking about neglected.

There is always a scramble for the privilege of working these up.

But why should there be a scramble? Why should there not be enough of these raw products to keep all hands constantly going working them up into the countless utilities that are so badly wanted? It is not that the land will not produce them, and to any extent that may be required. It is that there is a privileged obstructionist somewhere at the back who prohibits their production, either by a blank refusal, or by asking such excessive tribute as to be tantamount to a refusal.

Strikes are obstructive and wasteful; they entail suffering and engender hate; still, they are better than war, and even war, cruel and destructive as it is, is sometimes necessary. Disorder is sometimes the only way to settled order, war the only way to lasting peace; and what is wanted just now is not Peace but Justice. Till Justice is obtained it is not desirable to have Peace. Whenever there is a great wrong there should be agitation against that wrong, resistance in whatever form may be necessary.

I grant freely that the wrong is done unwittingly; that the people who do it have no idea that it is wrong, and even that many of them deplore the evils they see around them, and are earnestly seeking a remedy, quite unconscious that they themselves are the sole cause. But that is almost always the case with a great wrong. The despot, under whose tyranny the people groan, is fully persuaded that he is the instrument chosen by Providence to rule, that he knows better than his people what is good for them, and that it is the first principle of law and order that his will be enforced at all costs. The religious persecutor also fully believes that a right faith is necessary to salvation, that his faith is the right faith, and that it is therefore absolutely necessary to suppress heresy at all costs. The Southern Americans, again, were as honest and kind and well-meaning a people as any, and even noted for

their chivalry; but nothing would convince them that there was anything wrong in slavery. Not only the actual owners of slaves, but the whole of the superior, the slave-owning race, defended slavery as instituted by Providence, as necessary to civilisation, and as being the very best thing on the whole for the slaves themselves.

You will never get the holders of any improper powers or privileges to recognise any harm in their having these powers or privileges, but only in the gross abuse of them, and very often not then. At any impeachment of Capitalism, the Capitalist class—not only the rich man himself, but all his brothers and cousins and clients and dependents, even if they are not rich—remark contemptuously, "Capital! Capital is food and tools," and the speaker turns away fully convinced that that settles the matter to any fair-minded man, and that every labour-leader and agitator is a rogue and his followers fools; and yet if he would but consider the matter for one moment he would see that Capital does not in anyone's mind, not even in his own, mean food and tools, but only the command by one person of the food and tools produced and used by other people, and of the goods they produce with them.

So with Landlordism, which is merely the pedestal on which Capitalism stands, and which, if knocked away, would bring down Capitalism with a crash. You will never get the Landowning class—neither the Landlord himself, nor his brothers, nor his cousins, nor his menservants and maidservants, or the people who are honoured by his notice, or who profit by his custom; above all, the Capitalist tenants, who live by hiring his improper powers—to see any harm in private ownership of land—that is, in one class claiming all nature as their private property, to grant or withhold access to her at their sovereign will, and charge other people for the mere permission to live by their own labour.

This is the wrong you have to abolish. Whatever method of doing so you may choose (and there are several to choose from), the process will take time, and meanwhile the Capitalist profits by the wrong as much as the actual Landowner, and should bear his share of the cost of emancipation.

It is not fair to throw the whole cost, as the Single Taxers propose, on the unfortunate who happens, by pure accident, officially to represent the wrong at the moment by owning a bit of land for which he has probably paid full value.

The man who sold land yesterday is deeper implicated, and has profited more than the man to whom he sold, for land always sells at prospective value; and the Capitalist, whether he ever owned land or not, benefits by the enormous power which Land Monopoly has given to mere "Money."

Therefore it seems to me a progressive tax on all unearned incomes should accompany a land-tax, at any rate until the Land Monopolist's power of obstruction has been so crippled, and withheld resources so far forced into use that incomes have ceased to represent tribute to any great extent, and are coming to represent earnings of work.

SAVING AND SPENDING.

PART I.

IS CAPITAL THE RESULT OF ABSTINENCE?

THE proposition that Capital is the result of abstinence is generally considered by economists so self-evident as to require no proof. They therefore simply state it, give an illustration or two of what they mean, and pass on.

I venture to submit that this proposition has been taken for granted far too easily—that Capital has not originated solely or chiefly through abstinence, and, in fact, that abstinence has had very little to do with the matter.

Let us make sure, first, that we understand the real meaning of the proposition, and are not disputing about mere words.

1. As to the term "Capital." There have been many definitions of it given by economists, and no two are agreed as to the proper definition, while the man of business understands by it something quite different from any of them, viz., money, or the command of it.

But we need not concern ourselves about these differences, for they will not affect the issue I propose to raise.

A factory with its looms and engines is wealth devoted to production, and is therefore capital in the technical sense, if anything is; while a private mansion, with its picture

galleries and costly furniture, is wealth devoted to enjoyment, and therefore technically *not* capital.

But the proposition before us, if it is true of the one, is equally true of the other. If self-denying abstinence was required to produce or to maintain the factory, it must have been equally necessary to produce or to maintain the mansion. The proposition applies to all accumulated forms of wealth alike, or it applies to none.

What it really amounts to, then, and what was really intended, is that *accumulations* are the result of abstinence; and I shall therefore henceforth so express it, dropping the word "capital" altogether as expressing a needless limitation, and sure to give rise to irrelevant discussions as to its nature.

2. As to "Abstinence." Difficulties have been suggested to me as to the meaning of the term "Abstinence"; but these difficulties are not raised until it is found that if the term is used in any ordinarily accepted sense, the proposition in question falls to the ground, and therefore the term has to be used in some mystical or figurative or technical sense, as to the exact nature of which no one seems to feel very certain.

But the proposition that Capital (or, as I now put it, Accumulation) is the result of Abstinence is put forward by the economists as a self-evident truth needing no demonstration, which implies that its terms are to be understood in the ordinary sense; for how can a proposition be self-evident if its terms are mystical or technical, and the mystical or technical meaning is not set forth?

The term may of course be made to mean anything. A man who does anything may be said to abstain from not doing it, but this is to expand away its meaning altogether, for a word that means everything means nothing. The word, I take it, is here meant in its ordinary every-day sense as implying prudence and self-denial. Indeed, the words "prudential" and "self-denying" are often expressly introduced, and

capital is said to be "the reward of self-denial," which, as I have shown, if it is true of accumulations devoted to production, is equally true of accumulations devoted to enjoyment.

What we are to understand, then, by the proposition before us is that any given product of the past continues to exist in the present, because some one self-denyingly abstained from consuming it (from actually using up and destroying it), or else self-denyingly refrained from consuming something else which was necessary to produce this.

I do not, of course, say that accumulations are *never* due to self-denying abstinence of this sort, but my contention is that such cases are few and insignificant in comparison with the mass; and that, speaking broadly, accumulations are due, not to abstinence, but to a variety of causes, the three chief of which are—

1. To extra exertion: that is, a man, having satisfied his immediate wants, proceeds to produce something else which he does not want now, but expects to want hereafter.
2. To the natural durability of most of the articles we produce, in consequence of which they are produced faster than they are worn out, and so accumulate.
2. To the exercise of ingenuity and advance of knowledge, whereby with the same labour that we formerly produced a mere sufficiency, we can now produce a surplus.

There are other causes, no doubt, but these will suffice for our purpose.

We shall begin our illustrations with the stock example usually given by economists, that of a tribe that lives by fishing. The idea of the economist is that the Indian, having caught his supply of fish, self-denyingly abstains from consuming as much as he would like in order to put some by, and so accumulation originates.

My idea is that no self-denying abstinence comes in anywhere. The Indian when he goes out fishing catches one or another of three given quantities of fish. Either he catches less than he can comfortably consume, or exactly as much as he can comfortably consume, or more than he can comfortably consume. If less, he can hardly save even if he wants to; he must eat all he has caught and still go hungry. If more, there is no self-denial in putting by the surplus. If he catches exactly as much as he can consume, then indeed he might save by putting himself on short commons; but he certainly won't, because it is not in his nature to do so, and because it is not necessary, as he can make his savings on his surplus days.

The Red Indian, when he has killed his game, eats as much as he can, then, if there is any left over, he saves it, but not otherwise. His supplies of food are laid up at great harvests of special exertion, at the buffalo hunt or the spawning season of the salmon, on which occasions he does not practise any abstinence, but quite the contrary, but undergoes unusual and prolonged exertion.

There is one occasion on which the savage may be expected to use prudential abstinence, and that is in presence of some great impending crisis. In Kamstchatka and other sub-polar regions the ground in winter is covered many feet deep with snow, the wild animals have either migrated or are hibernating, and there are no wild fruits to be got. In such case the tribe would perish but for a previously-accumulated store of provisions; so, as a matter of simple self-preservation, they must save. But in such case they save only enough just to tide over the crisis, and barely enough for that. By the time summer comes round again the whole tribe is generally in a state of semi-starvation. So serious a matter did the Russian Government find this that it compelled every household to contribute a supply of smoked fish during the season,

to be stored away as a public provision, and doled out in time of scarcity under stringent regulations. But abstinence of this sort—barely to tide over a crisis—could not account for the origin of accumulations. It was essentially a temporary expedient, and barely effective even for its temporary purpose.

It is doubtful, however, whether, even in presence of a periodically recurring crisis like this, the savage ever really practises any self-denying abstinence in the season of plenty, not only because abstinence is hateful to him, but because there is really no necessity for it, as he is certain, if not to-day, then to-morrow or the next day, to catch more fish than he wants, in which case he can eat his fill as usual, and yet save. But, again, the saving does not consist in abstinence, but in exertion; that is, in industriously preserving and putting away what he does not want at present, instead of idly leaving it to rot.

He does not eat his surplus straight off, because he does not want to—because he cannot. There is nothing to exchange it away for, and therefore nothing to do with it but put it by. Abstinence does not come in anywhere in any shape. Next day he has his day's food ready secured, so need not go fishing again unless he likes; but the question with him is not whether he shall eat or go hungry, consume or abstain, but whether he shall work or be idle.

He decides to work, and makes, say a net, which, once made, lasts a long time; and so, by the intelligent use of his spare time, he gradually accumulates a variety of goods—nets and lines, spears and axes, pots and baskets, clothing and ornaments—generally intended to satisfy some immediate want, or fulfil some immediate purpose, but any way, all of a more or less durable nature, outlasting their first use, often outlasting many successive uses, and so accumulating faster than they are worn out.

But to commence an accumulation in this way it is not

necessary even that he should on any one day catch more fish than he wants: it is sufficient if he catches what he does want quickly, and so have all the rest of the day—not to speak of his idle evenings round the fire—wherein by simple diligence, without any abstinence, he can accumulate possessions to an indefinite extent.

If we take the case, not of an Indian who lives by fishing, but of an African who lives by cultivation, the needlessness, so to speak, of abstinence comes out still more clearly. For, while the Indian's supply depends mainly on what he catches from day to day, the African's depends upon a series of operations conducted at a particular season. His supplies consist of his crop, and his crop all comes in together in a lump. Those, then, will have abundance, and will be able, without practising any abstinence, to live comfortably on that abundance who have put in a sufficiency of ground, and those will be badly off, and have to go on short commons, who have put in an insufficiency.

Abstinence will count for very little either way. Those who have put in enough crop will be able to live luxuriously, and even wastefully to some extent, and yet have plenty over, while those who have not put in enough will run short, and will hardly be able to put by for the future, even though they stint themselves exceedingly. It is all a matter of doing enough work at the right time.

But since his food consists of his crop, there will be two long periods, between seed-time and harvest, and between harvest and preparation time, in which the African will have plenty of spare time on his hands wherein to produce all kinds of manufactured articles, nearly the whole of which will be of a more or less durable character, and which there is no temptation to consume except by ordinary wear, and which, therefore, will accumulate.

So far, following the example of the economists, we have

confined our illustrations to savage life because the working of natural processes can be best seen when reduced to their simplest elements, and because it is amongst savages that the foundations of accumulation must have been laid, for without some accumulations they could not have emerged from the savage state.

If we turn to the other end of the social scale—to the millionaire capitalist—it is clear that no self-denying abstinence is required on his part to permit a gradually-accumulating mass to grow up from his yearly income, and, as a matter of fact, he very rarely does practise any such abstinence; and though it is true that abstinence consists not only in putting one's self on short commons in the matter of food, but in denying one's self any enjoyment of consumption, no matter what, still the ways in which a rich man, growing richer, can find any gratification in really *consuming* goods are very limited.

He may, indeed, *spend his whole income* very easily, and find gratification in so doing; but spending money is one thing, consuming goods—in the sense of using up and destroying them—is another. Most of the spending is mere transfer of possession or change of form. If a man loses his money in gambling, the money merely changes hands. If he spends it in pictures, furniture, and so on, he is merely changing his wealth from one shape into another. The quantity of goods that the most reckless spendthrift really consumes—in the destructive sense—is very small.

But it will be said that the poorer classes in any highly-organised community such as ours must practise actual abstinence, or, at any moment, through sickness, accident, loss of employment, or of vital power, they will assuredly find themselves in dire straits. No doubt; but this abstinence enjoined on the labourer is not designed to add to the existing mass of accumulations, but only to ensure his having something to

consume when he is not in a position to earn anything; and he is not much given to abstaining for either reason.

Human nature is so constituted that, as a general rule, men will not deliberately make short commons shorter still in order to provide against a remote and problematical contingency; for life is uncertain, and the contingency therefore will always be problematical.

Those (and they are many) who hold that the only, or at any rate the chief, hope of bettering the labourer's condition is by encouraging him to restrict his already scanty indulgences in order to provide against sickness or old age, apparently fail to realise that this is not bettering his condition at all, but only changing the period of his deprivation, spreading it over his youth when his powers of enjoyment are keenest, instead of postponing it to a later period which he may never live to see.

What the labourer wants, and what the Philanthropist and the Reformer want for him, is not a greater pinch in the present as insurance against a worse pinch still in a doubtful future, but the improvement of his condition now; the power not to save more, but to consume more.

Consumption is the crown of production. What else do people produce goods for but to consume them? The proper aim of human labour is not the piling up of an imposing mass of accumulations, but the satisfaction of human wants, and the labourer's wants must be much better satisfied than they are at present before he is likely to do much in the way of piling up.

I may sum up my position so far in these words: Given industry and intelligence, under just laws, wealth *must* accumulate, no matter how reckless and improvident a people may be. (Of course, if they are not reckless and improvident, it may accumulate faster; but that is understood.)

Suppose such a race, intelligent and industrious, living

under ordinarily favourable conditions, but so reckless as to have absolutely no care for the morrow, each (being industrious) earning as much as he can, but (being improvident) earning it only to spend it as fast as he gets it—every one living up to his income from day to day; then wealth would accumulate rapidly. For, as I have said, spending money is one thing, consuming goods (in the sense of using them up) is another. The vast majority of goods produced, even of those required for immediate use, consists of articles which, being more or less durable, are produced faster than they are worn out, and so accumulate; and transferring goods from one person to another, or converting them from one shape to another, is not destroying them—is not "consuming capital."

But, it may be said, so improvident a people as this, although they might undesignedly accumulate vast possessions, would always be in imminent danger of starvation. A bad harvest, or any one of a thousand likely accidents, might cut off their daily food supply, and, as no one had laid by for the morrow, they must all die.

Even if this were true, it would be quite beside the question; for the question is whether accumulations, such as they are, are due to self-denying abstinence, not whether these accumulations are always of the kind most necessary; and a man indisputably rich, and with all his riches around him, may die, and often has died, of starvation, as in a beleagured city or shipwreck.

But it is not true that such a people would be in any more danger of starvation than we are. For the division of labour is one necessary consequence of energy and intelligence; and with such a people, as with us, the production of food would fall into the hands of one class, the storing it to another, the distributing it to a third, and so on, each making its living by so doing; and each, therefore, in pursuit of its regular business would produce as much food as possible, store it as carefully,

and distribute it as opportunely, merely as a matter of business, that is, merely to earn from day to day as much as it could in order to spend it from day to day.

The acquiring impulse, as distinguished from the saving impulse, would always ensure the existence of an excess supply available whenever wanted; and even if, by some accident, this supply appeared likely to fall short of its required amount, or to be in danger of destruction, the desire of immediate gain, apart from any prudential considerations, would set an increased number of people to work at once to produce more food before the crisis came.

As knowledge increases, as laws become more just, as the distribution of wealth becomes more equitable, and income comes to represent work, accumulations will become so abundant, and the morrow's return to labour so certain, that abstinence will become less and less incumbent on anyone, and labour will come to be looked on in its proper light as a means of satisfying human wants, not for the piling up of needless wealth, often in the hands of persons who, doing nothing to earn it, have yet so much that they do not know how to spend it.

But as to the general proposition I go further still, and while admitting that here and there abstinence of the self-denying sort has added to accumulations, yet, taking it on the whole and in the manner in which it is habitually practised, I submit that abstinence, so far from adding to accumulations, actually restricts them, because it checks production.

Suppose a number of people suddenly determine to save to the extent of a quarter of their income; and let bread, boots, and tobacco (representing food, clothing, and enjoyments) be the articles they have been habitually consuming, and in which they now propose to save. If they continue their customary purchases, putting by a quarter of them in a strong room for future use, the result will be that the bread will certainly spoil,

the boots and the tobacco deteriorate, and so many useful articles not only lie uselessly idle, but actually go to waste. But we need not dwell upon this, because we all know that the saving will not be effected in this way. The abstainers will not hoard up their purchases, but discontinue them. No goods will be accumulated at all.

What the abstainers will save is money. If they saved it in the shape of coin, hoarding it, there would again be no accumulation. The money would be lying uselessly idle instead of circulating usefully, and that is all. A little wear and tear would be saved, no doubt, but that is hardly worth mentioning. The money was coined for the sole purpose of being circulated, and the withdrawal of so much of it from circulation would disturb prices, cause a tightness in the money market, and derange trade generally. Society would be none the better for its withdrawal, but the worse. But we need not dwell on this supposition either, for we know that the saving will not be effected by hoarding coin any more than by hoarding goods. It will be effected by contracting expenditure, by waiving receipt of so much income or wages due, or accepting it from one person only to transfer it to another, and keeping the claim suspended to come down by and by on somebody. So that, so far as the abstainers themselves are concerned, they will have added nothing to the stock of accumulations, but only a lien on the accumulations of other people.

What, now, will be the effect on other people? Those who have been supplying the abstainers with bread, boots, and tobacco will suddenly find a quarter of their goods left on their hands. There will be stagnation in those trades, with all its inconvenience and distress. After a while, finding their customers are resolved to buy only the reduced quantity, the sellers will have to clear out their goods at whatever price they can get, even at a loss, and will have to reduce their production for the future in view of the diminished demand, thereby

throwing so many people out of employment, who, under the existing conditions of society, will either crowd into other employment, bringing down wages, or will have to be maintained by charity.

Thus there will be a dead loss all round. The abstainers will have lost their accustomed comforts, the producers their market, and the labourers their employment. There will next year be no more old accumulations standing over, while there will be fewer new accumulations brought into existence.

Saving, then, which consists not in preserving goods but in ceasing to buy them, is illusory. For goods are made only to be consumed, and if A ceases to consume them, B will cease to produce them, unless C takes them instead; that is, unless one man's increased consumption counterbalances and so cancel's another's abstinence. To realise the futility of "saving" in this way as a means of adding to accumulations, we have only to suppose the case of everybody determining to save, ceasing to spend, and allowing his income to accumulate as a deferred claim. Then everybody will have a claim over somebody else; the claims will cancel each other, and the supposed accumulations vanish.

What, then, is the moral of our discourse? Are we to take no thought for the morrow? make no provision for the future? Certainly we ought; and the ways of doing so are chiefly three—

1. By avoiding waste. This is saving in the strictest sense, and in its most legitimate form, but it is quite a different thing from the self-denying abstinence of the economist. The thrifty housewife who saves all the bones for the soup, who never strikes three or four matches when one will do, who cuts out her material so as to make it go as far as possible, either adds to accumulations or saves labour, one or the other, and yet foregoes none of her enjoyments, but rather increases them.

2. By spending our money or our labour in producing things which will last, rather than things which are quickly consumed in the use; but even this may easily be overdone. However, it represents judicious expenditure and not saving at all (in the strict sense), so it is rather outside the limits of our subject.

3. By doing to a limited extent what I may have appeared to denounce—that is, by "*saving money.*"

Remember that the question now is—how we are to provide for the morrow, not how we are to add to accumulations. The two things are quite different. The tendency of "saving" is always to check production, and (under existing conditions) to throw labourers out of employment, but if kept within due limits, though it adds nothing to accumulations, but rather diminishes them, it does good by equalising fortune and averting disaster. Its effect is like that of insurance of property. There is more loss by fire and shipwreck since insurance was introduced than there was before. Not only because there are always scoundrels who will burn their houses or wreck their vessels feloniously for the sake of the insurance, but still more because people do not make nearly the same efforts to save burning houses and sinking ships. When a man's all was in his house or his ship, he worked as for dear life to save it, and his neighbours in sympathy and as a point of honour did their best to help him, even at the risk of their lives. They are not nearly so strenuous now. Formerly, when there was a fire, everyone rushed to put it out. Now, they ask first whether it is insured, and, if it is, half of them go quietly back to their business, and the others, though they may work well, give up much sooner, and in no case make the same desperate efforts—unless they are firemen, perhaps, with whom it is a point of honour.

For all that, insurance is an excellent thing. An arrangement by which utter ruin to individuals is averted by dis-

tributing the loss amongst people who are prepared as a matter of business to accept it, is well worth some cost; and the benefit of "saving" is of much the same nature. It represents no increase of accumulations, but the contrary, but it averts suffering. Saving, when judiciously effected and kept within modest limits, represents a lien founded on previous self-restraint by the sick and the old and the unfortunate on the healthy, the young, and the successful. It is a good thing, but the relief secured comes out of current production, and represents no increase of wealth.

PART II.

NOW LET US GO INTO THE WHOLE QUESTION OF SAVING *V.* SPENDING.

Saving of Real Wealth (*i.e.*, Goods).

Saving of goods in the sense of avoidance of waste is always practicable and always good. But saving them in the sense that we are here concerned with, in the sense of abstaining from present use in order to put them by, and so form accumulations for future use, is only possible within pretty narrow limits, and only desirable within still narrower. Many important articles spoil in a few days, others in a few weeks; some take longer; but almost all begin to deteriorate from the moment they are put by, require more or less costly receptacles and precautions, and frequent inspection and overhaul. Rust and moth corrupt where spontaneous decay holds aloof. This dries up, that moulders with damp. Insects, thieves, fire, always threaten, and often have their way in

spite of all precaution. The unused machinery rusts, the stored-up provision rots, the uninhabited house goes to ruin, the closed road becomes impassable. Meanwhile, everything put by remains uselessly idle, while it might be doing good service. And in point of fact, goods, broadly speaking, never are "put by" in the literal, prudential, self-denying manner imagined by the economists as the foundation of accumulations.

We are told that the labourer is fed, work is provided with tools, enterprise with appliances from a store which has been created by the wise far-seeing capitalist, virtuously and self-denyingly putting things by when he might have consumed them in enjoyment; so that but for his self-denial in providing such a store the poor would starve, progress become impossible, and industry be thrown back to the rude processes of the savage. It is all a delusion. There is no such store of provisions and requisites self-denyingly put by. Perishable goods cannot be put by to accumulate; durable goods persist and accumulate, without any putting by, through their own inherent durability.

Everything is produced for use, sold for use, put to use, as fast as use can be found for it. No one ever produces anything unless he intends either to use it (begin using it), or to sell it as soon as possible. Whoever wants to put by for the future, puts by not goods, but "money"; that is, he lives within his income and lets the balance accumulate as an unpaid or transferred debt due to him.

Take the prime necessary food, which is one of the chief things the capitalist is supposed to provide out of his mysterious store, after having self-denyingly put it by from last harvest. The great bulk of this food is produced from day to day, and none of it has been self-denyingly put by. Look round your breakfast table. Were those eggs laid last harvest? Was that milk drawn from the cow last harvest? that butter churned

last harvest? the sheep that yielded those chops fattened and killed last harvest? that dish of fresh vegetables grown last harvest? True, the wheat that produced the flour that produced that one article, the loaf that was baked this morning, was grown last harvest; and the land that produced the wheat was ploughed before that, and the iron and timber to make the plough was got still earlier.

But all this means not that the capitalist prudentially saved the wheat any more than he prudentially saved the land, and the plough that came before it, or the flour and the dough, and the loaf that came after it; but simply that the whole process of production is continuous; that the present is the product of the past; that every article in existence is the outcome of an interminable series of acts reaching into the far past, wherein it is not necessary to introduce at any point a self-denying "putter by."

Still if you must pick out one particular link in the long chain more than another, let us take the wheat. How could the capitalist, or all the capitalists put together, consume all last year's wheat if they had wanted to? Even a capitalist can eat only a certain quantity of bread. No part of last year's harvest was self-denyingly and prudentially put by by anybody. The farmer grew it for sale and sold it directly he got his price. The miller bought it and sold it to the baker as fast as the baker would take it, and the baker bought only so much as he wanted at a time and sold the bread over the counter as fast as he could find customers. Everyone concerned in the business produced or bought the thing at one stage or another for profit (except what he wanted for personal use), and passed it on as fast as he could, making as quick and as big a profit as he could.

So with the groceries; they were produced for profit, prepared for profit, exported by one country and imported by another for profit, and disposed of as fast as possible. If any

one of the parties withheld for a time, it was only to run up or keep up the price. Self-denying abstinence never showed its nose once.

I quite admit that it is necessary to make present supply last till next supply comes in; but, first, this is a mere temporary expedient covering a brief period, and so cannot originate accumulations; and second, the proper way to ensure this is not to produce an insufficient supply and then put everyone on short commons, or trust to a wise capitalist, but to produce enough to keep all hands well provided till next supply comes in, with a bit of a surplus over in case of accidents. And this, in fact, is what always is done. There is always (in any decently civilised and progressive country) enough for all, of necessaries and tools at any rate. If the poor are starving, or labourer cannot find work, it is never because the food to eat or the tools to work with are non-existent, but always because the capitalist will not employ him to produce for hire, and the landlord will not allow him access to natural opportunities to produce for himself; but the food to eat and the tools to work with are all around, and that in such abundance that both the food grower and the tool maker are hard pushed to dispose of their goods, and complain of "over-production."

The defect is in the apportionment not in the supply, and in that privileged obstruction which restricts the supply, which yet, notwithstanding the restriction, is sufficient, and more than sufficient for all moderate wants, if only it were equitably apportioned; so that no self-denying capitalist is wanted to ensure this sufficiency.

Leaving food now, consider what do our other accumulations consist of? Houses, furniture, clothing, books, carriages. Who ever dreams of self-denyingly putting these by? The man who collects a private library, though he puts his books in a secure place, does not put them by self-denyingly *out* of use, but self-indulgently *for* use—for the constant use of refer-

ence, or it may be, making a display. As for "putting by" a house, the idea is absurd. A house really "put by" (untenanted) goes to ruin in no time. The man who invests his earnings in building a house does no doubt thus make provision for the future, and in that figurative sense "puts by." But the point is that from first to last the putting by is a mere figure of speech; nothing is really put by out of use. The money he is said to have saved has been spent (on the building) and not saved; the bricks and timber have been used up, not put by; and for the house, when finished, a tenant is found as soon as possible. What survives as accumulation comes of production not of saving; from the spending of money and the using up of materials. So with all the rest.

Goods, I admit, are often really put by, but not from self-denying abstinence; only when they are no longer wanted in the present, but likely to be wanted by and by. When I have pruned my trees I put by my pruning knife, but only because I have no further use for it in the present, because I am not fool enough to throw it away, and because to sell it now and buy another next year would cost me more in the end.

Not only would it be unprofitable and almost impracticable in many cases to put by goods to form accumulations, but it would often be actually wrong. To put by food when thousands are ill-fed would be a crime. To put by tools when willing men were idle and work undone that wanted doing (as there always is) would be folly.

Mill has shown that the mass of our accumulations is a thing of yesterday, so to speak; that those a trifle older would have disappeared before now but for constant repair and reproduction; our existing wealth is a perpetual creation and re-creation; that if work ceased for the briefest period nearly all our accumulations would disappear; and we may add that what there is of longest standing was never "put by" from the very first, but was produced for immediate use, put to

immediate use, and persists solely by its inherent durability, aided by constant supervision and repair.

CONSUMPTION.

In ordinary language the word consumption implies destruction, and a consumer is one who (productively or unproductively) makes away with—uses up—the article of consumption. But in its later sense, both economic and commercial, the consumer has come to mean merely the ultimate purchaser, THE PUTTER TO USE, no matter whether the putting to use uses up the thing or not. Sometimes it does, sometimes it does not. It does so with food, immediately and designedly; it does so with clothing, gradually and undesignedly. It does not at all with some things, as pictures, whose only use is to be looked at; while in other cases the use, or the vigilance and care demanded by the use, actually prolongs the thing's existence, as with a house, which is never worn out by being inhabited, but only by natural decay, which the dweller averts, or at any rate postpones, by his attention and repairs.

But food-eater, clothes-wearer, picture-collector, and house-dweller are each spoken of equally as the "consumer," though only the first two use up and the last two actually preserve.

But as always happens when an old word comes to be used in a new sense, the old meaning clings to it and will not be altogether got rid of; so consumption, though it still professes to mean only *putting to use*, is always associated in the mind with *using up*—with destruction; and not only with destruction, but with destruction that would not otherwise have occurred. It is looked upon as a loss to be set against production; as a thing to be averted or delayed by saving,

though most things would perish quickly of themselves if we did not use them, so that the consumer only causes them to disappear usefully instead of uselessly. The consumption of an article (in whichever sense the word be used) is simply the crowning of the work, the fulfilment of the sole purpose for which the thing was produced, and, failing which, the labour of producing it in the past was labour lost, and the business of producing it in the future will cease.

Still, people persist in looking askance at consumption, and regard as a simple truism the proposition that "the greater the consumption, the less the goods." But it is not true at all. The very converse is the truth. Consumption calls forth what it consumes. The greater the consumption, the greater the demand, the more active the production, THE MORE THE GOODS. The consumption of an individual article no more diminishes the sum of wealth (generally speaking) than the death of the individual plant diminishes the sum of vegetation. A new seed is always striking where an old plant died, and vegetation on the whole is the more luxuriant from the enrichment of the soil by previous deaths.

Take champagne. If the existing stock is not drunk it will spoil, and so disappear as certainly as if it were drunk, and all the past labour of producing it will have been thrown away. Till it has gone off, or is in evident process of going off, no more will be produced, and a number of workers will be thrown out of employment. If it is drunk, then, though there may be less for the moment, there will be more next year, and the quicker it is drunk (the less the abstinence) the greater will be the production to meet the more rapid consumption and demand.

But not only will the demand for champagne call forth more champagne, it will also call forth wealth of a more generally useful and abiding character. For to produce more champagne there will be required more spades and hoes, carts and buckets

barrels and bottles, appliances of one kind and another, which will outlast the year's output of champagne, and be available for innumerable uses. In short, champagne (which we take here as a type of all luxuries) affords gratification to the consumer, an incentive to industry, a livelihood to the producer, and indirectly promotes the multiplication of utilities available for other use. No doubt, of course, the money might be spent better than in champagne; that is, in producing something that would afford a higher, more enduring, more diffused gratification. But the point is that the money is better spent than not spent, even though it be spent in champagne; that the spending, by stimulating production, indirectly increases wealth, while the not spending, by checking production, diminishes wealth.

It is said that no loss of employment need result from the cessation of demand for champagne, because the men might just as well be employed in producing something else instead. True; they might, but they will not. When one industry is *pushed out* by another, as when a fashion changes, or a new and improved article supersedes an old one, then there is only a change, not a loss, of employment. But when a demand ceases of itself, or the supply is checked, the lost employment is hard to recover.

If not, how comes it that there is always an army of unemployed, and only occasionally employed—always an "overstocked labour market," varying in degree, but never absent. When the farmer adopts a labour-saving contrivance, he rarely keeps on the old number of men to do increased work, but does the accustomed work with fewer men, discharging the balance, and when he puts his arable land down to grass, the displaced labourers, finding no occupation in the country, drift to the already overcrowded towns, where, though there are already more men seeking work than there is work offering, still, the chance of getting it is more of a lottery, and

the new-comers hope to be among the lucky ones who get it, while in the country the substitution of pasture for cultivation has effectually closed all openings. It is not, as is so often and so absurdly stated, the superior attractions of town life that tempt the bulk of the penniless out of work into the towns, for such superior attractions as there are are available only for people with money, and the misery of a slum in the city is worse than the misery of a hovel in the country; it is simply the cessation of demand for his labour in the country that drives him into the town.

In the great cotton famine, during the American civil war, the stranded factory hands did not, during that whole disastrous period, find other employment, but starved in silence. The rich, who, having the money, could easily have found them other employment in a thousand ways, in producing luxuries, making improvements, or what not, did not do so. They did not happen to fancy any of these thousand things, and actually preferred to give help (when they gave it at all) by alms rather than by wages, a mode injurious to both parties; the giver receiving nothing in return for his gift, and the receiver being demoralised and degraded by being compelled to accept charity when he wanted honest, useful work.

The sad fact is, that under existing conditions all natural opportunities being monopolised, the poor are absolutely dependent for their living on the expenditure of the rich. For the necessaries and small comforts which are all that the poor can buy would only keep a portion of them employed in production. If these and the necessaries of the rich were all that were called for, the demand for labour would be so reduced that wages would fall to starvation point, and the army of the unemployed be swelled to fabulous proportions. What keeps employment at all going and wages up even to their poor present rate is the expenditure of the rich on luxuries, a terrible and unnatural condition of affairs which cannot go on for ever:

the industrious depending on the idle, production upon waste, and the comfort of one class on the extravagance of another!

For example, a rich man, having provided himself with all that he particularly cares to have, has £100 over. Say that he proposes to spend this in giving a ball. Then so many horticulturists, dressmakers, decorators at once find employment, and with the money they so earn employ others to supply *their* wants, and these earning so much the more employ others, and so a whole field of productive useful industry is indirectly stimulated into being. The ball-expenditure does not *produce* the food, clothes, etc., the workers want; that was present already, otherwise the workers could not get it, even with the ball-wages, for these things cannot be produced at a minute's notice. But the money spent was like a key that opens many successive doors of the storehouse, doing nothing to fill them, but giving access to their contents.

None of this beneficial round of production is possible so long as the rich man holds back his £100, that is, abstains from demanding the things that the £100 will buy. He may spend it himself or lend it to someone else to spend, but spent it must be by somebody, and not saved, if industry is to go on. Let him spend it wisely if it may be, or foolishly if it must be, but spend it somehow, by himself or another.

OVER-CONSUMPTION.

Over-consumption is theoretically conceivable, practically impossible. That a nation should bring itself to bankruptcy by spending money faster than it made it is nothing wonderful or even uncommon; but that it should bring itself to want by literally consuming—using up—goods faster than it

can produce them would be very wonderful indeed. Take the more or less durable goods first. Imagine a nation, industrious, intelligent, with all the knowledge and appliances of civilisation, wearing out its clothes, crockery, books, utensils, faster than it could make them; its houses, ships, carriages, faster than it could build them; its roads, railways, clocks, faster than it could construct them. And as to more perishable goods, take food, which no doubt is what people are thinking of when they talk of over-consumption. So long as in a country like, say, Great Britain, with not half its arable land actually in cultivation, with not half that half cultivated with half the efficiency it might be; with vegetables, meat, milk, eggs, and other food stuffs coming in continuously; with manufactures (available for exchange for foreign food) always going on; with inventions and discoveries constantly increasing the productiveness of labour, with every facility to emigrate, and the field for emigration practically boundless, and the first sign of approaching deficiency calling forth immediately fresh effort and directing that effort into the required channel, the idea of the nation coming to want from over-consumption is ridiculous. Destitution among many there may be, but it will not be from scarcity of food, only from want of money to buy the food that abounds all round. A nation may indeed run short of food from there being not land enough to grow it, or from a foreign blockade cutting off imports it had relied on; but that is not from over-consumption. Such cause might bring want, no matter how careful the people might be to under-consume.

To sum up so far, saving of goods, in the sense of accumulating them by putting them by, is impracticable with perishable goods, ridiculous with goods that are wanted for use, and is hardly ever practised. So far as supplies are made to last by withholding, it is only done for a merely temporary purpose (to last till next supply comes in) and so adds nothing to permanent accumulations, and they are thus held back (so far as

they are held back) by the holder raising his price as supply becomes scarce, not from self-denying abstinence, but, quite the contrary, from the desire to make money, and to make it as quickly as possible.

The delusion that goods, *i.e.*, actual utilities, are accumulated by saving, arises mainly from a false analogy drawn from money. It is seen that those who save money get rich. It is concluded that if all saved money all would get rich.

It is seen that £100 put by in a bank will increase by accumulation of interest, can be drawn out as sovereigns, and will command at once £100 worth of goods. So it seems that if all money were put by in banks it would accumulate by interest, could be drawn out as sovereigns, and command that proportionate quantity of goods; and that society is as much the richer by the money that economisers have saved and not spent as it would be by all the provisions that were put by and not eaten. A conclusion that will not bear examination for a moment.

SAVING OF LABOUR.

There is a true and a false saving of labour. The true is where we so judiciously direct our efforts as to produce a greater result with the same efforts or the same result with less effort, as when we divide and combine the efforts of many to a common end, or when we use a lever instead of our bare hands. But a great part of what is spoken of as saving of labour is mere saving of wages to one person (the employer) and loss of it to another(the labourer), and waste of labour. For example, three men are employed eight hours a day; but the employer, taking advantage of hard times and scarcity of employment, dis-

charges one man and makes the remaining two work 12 hours. He calls this a saving of labour; so unfortunately do most people. But it is a waste of labour, a waste of 16 hours instead of a gain of eight; a waste first of the four extra hours each of the two men in excessive, all-absorbing, and needless toil (needless because there is an idle man standing by), which hours should in the interests of the two men and of society be devoted to domestic joys, wholesome recreation, possible self-improvement, and citizens' duty; and it is a worse than waste of the eight hours of the discharged man, who is now eating his head off in discontented and demoralising idleness. While an idle man and an unused machine both "rust" and deteriorate, the idle man becomes destitute, demoralised, discontented, and dangerous, which the machine does not. As for the money wages, the gain to the employer is set off by the loss to the discharged man. As for the work, there are 24 hours of it done in either case, but the 12 hours each of the two men is less effective than the eight hours each of the three men; not only because the last four hours of the two are performed by tired men, but also because when a man is habitually overworked, his labour becomes less effective throughout. As for society, it has now two overworked drudges and one idle man in place of three men in full vigour of work. Even if the 12 hours' work are not physically exhausting they would still be objectionable, because they leave the man no leisure; and leisure—some leisure—is necessary for happiness, for self-improvement, and for citizen's duty.

The case of machinery is much the same. When labour-saving inventions are used to enable the existing number of workers to produce a better result, or the same result with less toil, there is saving of labour. But when they are used (as they too often are) to throw a third man out of work, and do only the old work with two men, then, though there may in

this case be no increase of toil for the two kept on, there remains a waste of labour of the one discharged. Of course, if inventions open up some fresh employment for the discharged man, he is not thrown out of work. But this, though it happens often, does not happen always. For the tendency of such inventions (to enable the employer to do with fewer men) continues even in the new industries opened up; so that no matter how many new industries are thus opened up, there remains always so great a number of unemployed men as to cause serious difficulty to the politician, as well as destitution for the unemployed. Moreover, it is worth notice that the unemployed are most numerous in the countries where there are most labour-saving inventions.

A great writer (Mill, I think) has declared that all the inventions of this inventive age have not lessened the toil of the workers by a single hour; and he might have added that though they may often have made the toil less physically exhausting, they have quite as often made it more monotonous, depressing, and mentally exhausting.

Economists assert that inventions open out more employment than they close, and give examples. But the examples are all taken from the favourable side, not from the unfavourable. If the assertion were true, it would follow that wherever inventions were most abundant, the unemployed would be fewest. But the facts are all the other way. It is just in those countries where invention is most rapid and most highly developed or widely adopted, as in Great Britain, the United States, and Australia, that the number of the unemployed and only partially employed is greatest, and the difficulty of dealing with them most serious; and this notwithstanding that, in the two latter at any rate, the undeveloped resources of nature, inviting employment, are most abundant and conspicuous; while in backward countries, though the labourer is badly enough off in all conscience—sometimes from ignorance,

sometimes from unfavourable surroundings, sometimes from grinding taxation, sometimes from insecurity of life and property—he almost invariably finds work. You will see cripples in plenty begging for alms, but no strong men begging for employment. Though inventions undoubtedly do open out numberless fresh openings, yet the same tendency that drove the men out of the old employment follows them into the new; the same tendency to supply a machine or a process by which the employer can make one man do the work of two, and use it not to lighten the toil or increase the product of the two, but to dispense with the odd one.

SAVING MONEY.

But to return to saving of wealth; this (real or apparent) saving is not effected in goods, but in money; the saver does not accumulate goods, but only abstains from buying them.

Money may be saved in two ways: absolutely, as by hoarding it; relatively, as by investing it, that is, transferring it to someone else to spend, at interest and on security. Hoarding obviously makes the community no richer, but only puts it to inconvenience, locking up that which is wanted for circulation, and disturbing prices; but as the practice is quite out of date, we need not concern ourselves about it.

Money saving is effected mainly by investing it on mortgage, State bonds, shares, etc., and it should be, but apparently is not, equally obvious that society is no more enriched by this than by hoarding. When A lends money to B to spend, instead of spending it himself, two things are to be noted: 1st, that the money is not saved at all, but spent equally in either

case; 2nd, that being spent it remains unspent, and available for further spending.

So obvious is this that most people will declare at once that no one questions it; but almost everyone does question it, unconsciously, or at any rate absolutely fails to realise it. For almost everyone thinks and speaks of the Savings Bank deposits, the Insurance effected, the State bonds taken up, and bottled-up claims of all sorts as constituting or indicating so much accumulated wealth, so much multiplication of actual utilities, and points with pride to them as the great reserve force of the nation, and the source from which labour is maintained and industry carried on. Yet all these savings are imaginary. They are mere accumulations of debt, of claims for money advanced for one purpose or another by A to B, which has been spent as certainly by B as it would have been by A, and remains exactly the same in sum whether spent by A or by B, or however often it is spent, or whether not spent at all.

The Savings theory is akin to the old mercantile theory which the present generation flatters itself it has outgrown. Our forefathers knew as well as we do that money is merely the token of exchange; that a purse of money no more implies the existence of the goods it represents than the figures £ s. d. represent the existence of the money they represent; that a man on an ocean rock would starve though he sat upon a chest of gold, and that one who had abundance of goods could live sumptuously though he had not a shilling in his pocket. For all that the association in their minds of money with purchasing power, with command of goods, was so strong that they passed law after law to entice money into the country and prevent it going out, so as to cause an accumulation of money, irrespective of goods, under an undefined impression that they were, *must be*, thereby enriching the country. And we, rejecting this delusion in one form, cling to

it in another, knowing quite well that money is not goods, and yet thinking and speaking and acting as if the more bottled-up claims there are in the country the richer it must be, the more utilities it must possess; and exalting the practice of bottling up these claims under the name of investments as a national virtue and the source of its greatness. So firm fixed is this delusion and so disastrous its results that I must be pardoned for going thoroughly into the whole question and attempting to demonstrate what should need no demonstration, *viz.*, that a country is none the richer for its money savings (except, of course, when they represent interest bearing claims against other countries), but, on the contrary, is greatly the poorer, inasmuch as they represent a burden upon industry and a check upon production, instead of, as supposed, a fund for its support and furtherance.

If A build a house for himself at a cost of £1,000, he spends his money. If he lend it to B to build a house he is said to save it. If he put it into the Savings Bank and the Savings Bank lend it to B, it is the same thing done in a roundabout way; but in the latter case a saving appears—in a ledger—and the country is supposed to be so much the richer, as if so much had been saved from destruction and added to the general stock. Yet the sole real result is that the number of houses has been increased by one, in the one case, as in the other; the same materials have been used up in building it, and a certain sum is no longer in the hands of either A or B, but in those of the builder, and is as available for further spending as if neither A nor B had ever spent it.

It is true that A would make as real a provision for the future by building himself a house as by lending the money to B, receiving yearly enjoyment instead of yearly interest; and a house is sometimes called an investment, though generally only when it is built for sale or lease, not for personal use—for making money, not for enjoyment. But whether or no,

the point is that the house is the result of production, not of saving, and that the money has been spent as truly when spent on the house as if it had been spent on cigars—more usefully perhaps, but still spent; the spender receiving in return, in the one case a house, in the other the cigars. In both cases the money would have gone to maintain workers (builders or tobacco-growers), and in both it is available to spend over again. It can be spent only once at a time, but any number of times in succession.

Nor does the building of the house represent saving in the past any more than in the present. It is not built from a store of bricks and timber "self-denyingly put by" by a far-seeing capitalist; the bricks and timber have either been produced to order expressly for the house, or if already existing were at any rate produced for immediate sale and sold at the first opportunity.

There is no necessary connection between spending money and consuming goods. We can spend money in a thousand ways without consuming goods; usefully, as in wise charity, in education, in recreating and informing travel; or uselessly, as in gambling, in indiscriminate alms, in getting our fortune told; and conversely, we can consume goods in a thousand ways without spending money; usefully, as in eating food of our own growing, wearing clothes of our own making, burning fuel of our own collecting; or uselessly, as by ignorance, carelessness, or malice. When we spend money we receive goods; the two things simply change hands; the using up of the goods may be hastened by the purchase, or retarded, or remain unaffected; but so in each case might it have been if the original possessor had retained them for himself instead of selling them. But in all cases goods are produced for use, and the putting them to use puts the crown to the work

whether it uses up the goods or not. As often as not it delays their inevitable destruction in the course of nature.

A picture is, like other things, produced for use, but its use is only to be looked at, which cannot wear it out, and the purchaser almost invariably buys it to *preserve it carefully*. Yet we call him (for convenience sake) the consumer. But consumption, whether as using up or mere putting to use, creates demand, calls for the very goods that it consumes, and in so doing calls forth more than it consumes.

But though spending money has no necessary and little actual connection with consumption in the sense of using up, it has everything to do with it in the sense of putting to use; seeing that (with trifling exceptions) goods nowadays are produced for sale, not for personal use of the producer, each producing one article or class of articles for sale not for personal use of the producer, and that generally in such quantity that he cannot use them himself in default of selling them. The farmer cannot eat all the grain he grows, the clothier cannot wear all the clothes he makes. And seeing that money is for the most part concentrated in the hands of the rich, the great mass of workers have to look to the rich to buy; have to depend on the expenditure of the rich for their existence. For example, a clothier, after selling as much as his fellow-workers and the poor generally want (or rather are able to buy) has £100 worth still left on hand; for this he looks to the rich to buy. But the rich man says, "I don't want your goods; nor do I want anything else in particular. I want to save my money, not to spend it. Therefore, I will neither buy your goods nor employ you to produce other goods, but I will tell you what I will do. I will lend you £100 on security of your stock." Does that help the clothier? Yes, for the moment. It postpones his difficulties, but increases them. For it does not make his goods any more saleable, nor lessen the cost of their production. The clothier

finding the market permanently contracted by the rich man's steady refusal to buy either clothes or anything else, would prefer to produce less, but he is obliged to produce more in the desperate hope of selling it somehow, for he has now not only his ordinary expenses to meet, but a debt of £100 in addition, with interest on the top of it. So his output is kept up, but remains unsaleable at paying price. And people cry "over-production!" when really it is under-consumption that is the matter. There are never more goods produced than are wanted—never so many as are wanted. There are always thousands suffering for want of the very goods that are "a drug in the market," and there are hardly any (except the very rich) who would not like to have more than they have, and these too (the very rich), only that they like the pleasure of saving and so getting richer more than the pleasure of possessing those other things. So long as a human want remains unsatisfied, over-production is impossible, inconceivable. Over-production of some particular article there may be, though even that can hardly ever happen, seeing that there is hardly an imaginable article that someone, that many people, could not find a use for and be glad to have. But over-production of goods generally, that is absurd. A people cannot be the poorer the more goods they produce.

All that the rich man, as such, can do is to spend his money; usefully if it may be, uselessly if it must be, only spend it. Do some good with it by all means, but better gamble it away (from the economic point of view) than keep it in your pocket. The winner will almost certainly buy something with it, and in doing so benefit himself and the seller, help to work off existing supplies and call forth more. Better buy sham jewellery than nothing; it is generally pretty and pleases somebody, and the making of it affords a livelihood to many. Better even pay men to dig holes and fill them up again than leave them standing idle at the street corner; it is good for them if not for you;

good for them to do a foolish thing for a foolish fellow and earn honest pay for honest, if useless, work, than starve, beg, or steal. Their labour is no more lost in the one case than in the other, and they are found in food and the money put into circulation. A very little money will maintain a great deal of enterprise and call forth a great deal of wealth if only it is KEPT GOING.

The rich man's spending, though it contributes nothing to the stream of industry, is the turning of the tap that sets it flowing, and without which it would not flow; not from any inherent deficiency in the stream, but because the rich man has got the tap in his possession, and can turn the stream on or off as he likes. What keeps the stream going at all is that, whether he spends or lends, the money nowadays is not hoarded but spent, by him or by another, so that nothing is put by, nothing is accumulated except (when he lends) the debts of the borrower.

This spending by proxy, this so-called saving, which saves nothing, while it is better than real saving (than absolute non-expenditure by anyone), yet lays a heavy burden on industry, which grows heavier with every additional pound "saved," till it becomes a formidable drag on the wheels of progress, weighing down the debtor, crippling his means, and checking production. It does this in three distinct ways: 1. When a man has "saved" up to a certain point, he (or his son) generally retires from work to live in idleness on his savings, thereby diminishing the number of workers just when the burden of interest which the workers have to find has grown heavier. 2. Whether he invests his savings in land (charging rent), or leaves them a purely money investment (charging interest), in either case he levies a pure tribute on the worker, contributing thenceforth nothing to the work, but retaining a yearly claim on the product for his rent or interest, and yet standing to

receive his whole original purchase money or loan back by and by. The more these money savings (converted into claims) accumulate, the heavier grows the tribute that industry has to provide; rent rising as population presses on the land, and interest extending its area as interest-bearing investments multiply till the burden becomes too great to bear, and continual complete break-downs of individual workers occur, with occasional widespread incomplete break-downs affecting the whole community, when we have what is called a financial crisis. 3. The tribute expected on these investments not only cripples and often breaks down existing enterprise, but it permanently prevents many enterprises from coming into existence at all.

An industry that will merely maintain one man, affording no surplus for rent or interest, is still a productive industry; it at least maintains that one man; and if it does that it will do more, for there can be no man, self-maintained, who will not be of use in some way or another to the community, even though no landlord or money-lender get anything out of him. But so long as this tribute system continues, no such industry will be allowed to arise. The landlord, who owns all the natural opportunities, will not allow him access to them unless he pays rent; and the money-lender or investor, who commands (though he does not provide) all the artificial appliances, will not allow him to use them unless he can get interest from or profit out of him. So the man is thrown out a pauper, to be maintained at other people's cost or starve. The only relief, under existing circumstances, from this scarcity of employment, glut of goods, stagnation of business, and check to production, is for the rich man to spend his money instead of saving it.

If the savers who retire to "live on their savings," as the phrase goes, did really live on their savings, there would be no great harm done. Unfortunately they do not. The live on the *interest* of their savings only, on a tribute exacted from the

workers, which leaves their savings intact. It is as if a weight of 500lbs., carried by ten men, were increased to 550lbs., and one bearer stepped out, leaving the increased weight to be carried by the diminished number.

We may admit that a slight tax of this or any other sort levied on the worker may sometimes act as a stimulus and increase his output, as in the case of the farmer who never made the farm pay so long as he owned the land (taking things "too easy"), but made a decent living out of it when he was sold up and had to work the farm as a tenant. But no such increase of effort by one man will compensate for another man's leaving the ranks to live in idleness as a landlord (or a money-lender); and the extra levy on the worker must be kept within very moderate limits or it will depress instead of stimulating him, breaking his hope and spirit, crippling his means, and causing constant interruptions to industry by the selling up of debtors who break down, throwing their employés out of work, and causing heavy loss to outsiders by the collateral debts they leave unpaid and the interruption of business relations.

But the mere accumulation of debt, as debt (putting interest aside), is an evil in itself, and the whole process of money saving consists in the multiplication of debts. It is a mistaken kindness to let your debtor get deeply into arrears; "short reckonings make long friends." A small loan is often a great help, and no one would wish to see it prohibited. But a debt which might pretty easily be met by a slight effort or pinch under pressure this year becomes more difficult next year if the debt has grown, and in no great time becomes hopeless of payment. It is not only that the debtor becomes more accustomed to being in debt, and more heedless of its increase, but the artificial supply of money encourages him to acquire more expensive habits or to engage in enterprises beyond his means, so that when payment is at last demanded he is

entangled in his engagements and unable to extricate himself. No doubt enterprises are sometimes started with borrowed money and brought to a successful issue; but for one that so succeeds there are many that fail.

In proof of this is the fact that once a farming landowner has mortgaged his farm he rarely pays the mortgage off by ordinary course of business. He may do so by a legacy, by a fortunate speculation, or a good deal, by a stroke of luck of some kind; but by ordinary steady industry, not once in fifty times. For myself I have never known a single instance, though no doubt there are some. And the evil of this is not confined to the disheartened debtor; the whole community is injured. For a mortgaged farm is a paralysed farm. A man rarely mortgages his farm till he is already in difficulties, and the yearly interest, with the sword of foreclosure ever hanging over his head, cripples his means in the present and in time disheartens him. He loses his interest in the land, which he feels is no longer really his own nor can be handed down to his son. He ceases to improve it; he fails to get the full produce out of it; so the field of employment for labour is contracted and the output of wealth diminishes. Granting all that can be said of the usefulness of credit when kept within due limits, it yet remains the golden rule, observed by nearly all the most successful men, *to keep out of debt*. But if everybody kept out of debt, how could the savers invest their savings? Some methods might remain available, but the openings would be wonderfully reduced and the rate of interest fall rapidly.

Note further that the interest on which the saver lives is never, as represented, the reward of virtuous self-denial. The savings themselves may be, but not the interest on them. If I self-denyingly put by one loaf out of two to-day, the reward of my self-denial is that I have a loaf to the good to-morrow.

There my reward begins and ends. But if I find to-morrow that I do not particularly want that extra loaf, and lend it to a starving man for a week on condition of his giving me a slice of bread every day in the week, and a whole loaf back at the end of the week; that is not the reward of self-denial, but a pure advantage taken of my neighbour's wants. But even as to the savings themselves, consider the nature of their mass, and how they have arisen, and see how much self-denial there is about it.

The poor, those for whom provision is most wanted, rarely save; partly because their poverty forbids; because they really cannot spare from the present enough to make any provision *worth saving* (that is, enough for a real sufficiency). They may by great pinch put by a few shillings, or pounds; but what would that be as a provision for old age? It would be all gone in a few weeks, and they would be destitute again. The game is not worth the candle. Better, the poor man thinks, to make sure of a little comfort and enjoyment while you can get it, and take your chance for the future; who knows whether you will live to see it!

Moreover, he is beginning to think (and I agree with him) that those who in their youth and health bear all the toil and produce all the wealth of the country have done their duty to the country, and have a fair claim upon it when they break down and can do no more. Let us ask a little of this famous self-denial from the rich, whose riches they have produced, and a little less from the actual producers, whose whole life is one long exercise of self-denial, voluntary or involuntary.

The labourer is a human being with as much natural (that is, equitable) right as "his betters" of access to natural opportunities as distinguished from artificial ones—to the earth, which is Nature's gift as distinguished from the instruments which are man's product, and has more right to put the soil to use than the landlord has to order him off. He would only too

gladly maintain himself, and in maintaining enrich himself, if he were allowed; but that, in the eyes of "his betters," is not in accordance with the fitness of things. The labourer is too often spoken of, even by the highest authorities, as if he were a mere instrument of production in the hand of an employer, like the horse: to make use of as long as he is in good working condition, and to be turned adrift when he breaks down, either to starve or to be maintained miserably and grudgingly as a pauper, with a curse for not having saved enough out of his "oats" when he was young to keep him when he was old. Still the labourer is not treated exactly like the horse, I admit. There is this difference between them, that the human animal is expected to maintain himself in sickness, in old age, and when out of work, and to rear his progeny at his own expense —which the horse is not.

Indeed, I remember the late respected Professor Huxley (I think it was), in an article on "Capital," asking reproachfully why a man should expect to find employment or maintenance when he was "not wanted." Not wanted by whom? He is wanted by his wife, by his children, by his parents, by his friends, by a number of people who would gladly exchange services with him if they were allowed. But all these little wants didn't matter—to the Professor. If the man was not wanted by a landlord or a money-lender or an investor, that was enough to damn him.

Some irreverent people have lately been turning the question the other way, and asking why the landlord, or the money-lender, or the investor should exist when *they* are not wanted. Two things seem clear, that the labourer as a labourer is *always* wanted by somebody, even when he is "a drug" in the capitalist's labour market—that is, there is always work wanting to be done; and that if there were no labourers there would be no labour, and if no labour no life, but that the land would remain though there were no landlord; the instruments

of production and the power of multiplying them though there were no "capitalist" to command them; and that the railways could be run and the mines worked, paying their own expenses, though there were no investors to buy up the shares.

The great bulk of existing savings has been accumulated by the already rich; and the richer the man, and the less consequently in need of saving, the more, generally, he saves. It is the few millionaires (not the many poor) who roll up the great mass. But when a man has all his accustomed wants fully supplied, and there is nothing else he particularly fancies, where is the self-denial in putting by the surplus? He saves it because he derives more pleasure from the saving than the spending; and this leads us to the consideration why people save.

It is said that people save not for the sake of the money, but for the goods which it will buy. This is true up to a certain point. Up to a certain point people save to make reasonable provision against the future; to secure a sufficiency of necessaries, comforts, and leisure when they are old, ill, or unable to earn; this "reasonable provision" varying with the style of life to which the saver has been accustomed; the labourer's representing a snug cottage, a sufficiency of plain food and coarse clothing, with a trifle over for beer, baccy, and enjoyments; that of a member of the "upper ten" representing good cookery, servants to wait, many little luxuries and refinements, and the ability to "keep up his position." Between these two lie all degrees of "reasonable provision." But it almost always happens that he who has acquired the habit of saving continues to save long after his "reasonable provision" has been secured, and without the least intention of spending, now or hereafter, what he has saved. The interest he can get on his savings counts for a good deal, of course, but he often saves much of that too.

Putting aside as exceptional the mere blind instinct of

accumulation common with man to many of the lower animals, and which, once thoroughly aroused, occasionally becomes an overmastering passion, producing the miser who hoards secretly and gloats over his hoard; putting aside, too, the sporting motive, whereby the huntsman hunts for the sake of the run, not of the fox, and the chess-player for the sake of the game, not for any stakes; yet the one is disappointed if the fox escapes, and the other if he loses the game; so the confirmed money-maker makes for the pleasure of making more than for the possession of the thing, and sometimes spends freely as fast as he makes. But making money is one thing, saving it is another, and our concern is with saving.

The great impelling motive that makes the saver go on saving long after reasonable provision has been secured, and without the least intention of ever spending what he saves, is the deep satisfaction of feeling that he *could* get goods in abundance *if he chose*, and the power and influence which the known possession of money confers; that the shop looks to him for custom, labour for employment, charity for subscription, enterprise for support; that men hang upon his actions and touch their hats and try to conciliate him; that the progress of a cause, the establishment of an industry, even (when his savings mount up high) the war power of a nation, or the propagation of a religion depend on his will, and that of his fellow "big capitalists"; that his power is greater than that of a king in some respects, if less in others. In a word, it is a form of ambition, which has been called a "noble rage"; though whether it be noble or not depends on whether it stands by itself or has another and a higher motive behind it; or whether the desire of power is for the mere pleasure of feeling it and exercising it, or to do good with it. Too often the desire is for the mere power itself, in which case it is no better than a blind instinct cultivated into a passion. Also, on how the power has been acquired, and in the case supposed it

has been acquired not by creating or accumulating utilities by which all may benefit, but by piling up against his fellows a mass of indebtedness which the world at large, the man of business, he himself, and even the people who suffer by it, unfortunately, conceive to be, or to indicate, accumulations of real wealth enriching the community.

But, say some, by saving money is really meant diverting capital from unproductive to productive use.

Is that so?

The word capital has different meanings to different people. To the man of business it means money always; or if goods, too, then only in so far as they can be turned into money or made money out of (whether usefully or uselessly matters not), while the economist declares that it means the actual requisites of production, food, tools, raw materials, not the mere token of exchange.

Let us try the proposition in both senses.

1. As money. Say that I had proposed to spend £10 on a holiday trip, but change my mind and determine to invest it instead, and to lend it to a small shopkeeper on security of his stock. Here there is a clear case of the alleged diversion of money from unproductive to productive use. Note here in passing that people are apt to speak of unproductive *v.* productive work as equivalent to useless *v.* useful work, which is quite a different thing. Both productive and unproductive work may be either useful or useless. Making drawers for a sideboard to be used in a dining-room, and making frippery for a coffin to be buried underground are both productive; both exhibit fresh goods as a result, but the one is useful, the other useless. So a surgeon and a sandwich man are both unproductive in the current sense, that is, they add nothing to the sum of tangible wealth; but the occupation of the one is useful and elevating, that of the other useless and degrading. What we are here concerned with is productive *v.* unproduc-

tive work as bearing on accumulations. In the case of holiday *v.* loan, I personally part with my money in either case, receiving in return, in the one case a holiday, in the other a lien on the shopkeeper's goods. As to which of the two will be the better for me will depend on the state of my health, the amount of my bank balance, and the nature of my work. But this has no bearing on the present question, which is whether my investing my money in an assumed unproductive loan, instead of spending it on an assumed productive holiday, has in any way preserved wealth from destruction, and so increased the sum total, or conferred benefit in any way on society.

In both cases my money merely changes hands, going here to carry on a shop and maintain the seller who supplies customers, there to carry on a railway, and maintain the lodging-house keeper who supplies boarders. In both cases it helps a worker to live by his work. But as to the enterprise, it is certain that the railway is useful, and that my fare helps to keep it going; but the usefulness of the shop depends on whether there are more shops than are wanted, as there generally are, or just enough. If more than are wanted, then I do no good by helping to keep a superfluous one going; if just enough shops, then there will be just enough business to keep them going whether I take my holiday or not, and the money I spend on my ticket goes into circulation, and eventually comes round to the shops. But there remains this marked difference of result between the two applications of my money; that in spending it on a railway ticket I put it into circulation, and help to keep useful work going, *without* adding anything to the mass of indebtedness or exacting tribute of anybody; while in lending it, though I *may* possibly have tided a useful man over a crisis, and set him on his legs, I may also, just as likely, have simply postponed his failure for the moment. But what is certain is that I have added one more item to the existing mass of indebtedness and ever-accumulating interest. True,

the debtor may fail or may repay the debt, in either case removing the item; still my loan has added it for so long—*i.e.*, till one or other of these results occur. But what is quite certain is that I have added one straw more to the camel's back.

Now, take capital as signifying the actual requisites of production—tools, raw material, food:—

1. *Tools* (in their widest sense as including machinery and appliances of all kinds).—There are few tools that are suited for more than one particular use, and which can therefore be diverted from one kind of use to another, and the more uses a tool is meant for, the less use it is generally for any one of them. A saw, for instance, can be used only to saw, a spade to dig with; both are adapted for productive use only, and cannot be applied to mere unproductive enjoyments, even if desired. A billiard cue, again, is fit only to play with, and a banjo to play on, and they can therefore only be used unproductively, for mere enjoyment. You can, indeed, use them to make money with, but making money is not producing goods. It is the nature of a tool that mainly determines whether it shall be put to unproductive or productive use; the will of the possessor has not much to do with it.

Raw Materials.—But though a cue can only be used for play and a spade for work, still I can make this piece of wood either into a cue or a spade handle at my will. To that extent I can "divert capital" from unproductive to productive use, or *vice versâ*, though my range of choice is narrow, being still restricted by the nature of my material. A boat, again, can be used for an unproductive pleasure excursion or for productive fishing, though still only for carrying somebody on the water. But, broadly speaking, goods in an unfinished state only can be diverted from one kind of use to another, and that within narrow limits; finished goods rarely can.

Food.—Food is of no use except to eat. Whether the eater does useful work in return for it is a question of what he does with his time, not with the food; that can only be eaten.

INTEREST.

But supposing money savings were as meritorious in the saver, and as beneficial to society as they are represented to be, the question remains why, as a matter of pure ethics, the saver should get interest for them.

The borrower obtains the use of something which he has not, but urgently needs, and that is worth paying for. True, but the lender has something which he does not want taken care of till he does want it, and that also is worth paying for. It is an exchange of services, and one cancels the other. If there is among my possessions something that I have at present no use for, I can do either of two things: I can exchange it for something that I do want, or I can put it by for future use. Say that, my harvest being gathered, I have no further use for my reaper till next harvest, then I can either exchange it for ploughs and harrows, which I do want, or I can lock it up. But if I lock it up I shall have to go to the expense of building a shed for it; natural decay will be at work at it for ten months, and there is the chapter of accidents (thieves, fire, breakage), to reckon with.

If, now, my neighbour, who, living at a higher elevation, has a later harvest, offers to use my reaper, giving security that he will return it (or another) next year AS GOOD AS WHEN HE GOT IT, he saves me the expense of building a shed, cheats natural decay, and insures me against accident. Is not that as substantial a service to me as the use of it is to him? Then, why

should either party pay the other? True, the one service *may* be greater than the other, but who can tell which? Sometimes it is one, sometimes the other, according to circumstances. But in practical life it is always the borrower who pays the lender. Why? Simply because the lender is in the stronger position, and can take advantage of the other's weakness.

If I had 100 loaves of bread, which I could not eat before they grew dry and mouldy, but seeing men starving around me, lent these loaves to them at 100 per cent. interest, or any other rate I chose to demand (as I could), the verdict of the commercial world would be "business": the law of supply and demand producing its natural consequences—scarcity running up price; but the verdict of equity would, I think, be "extortion": the law of greed taking advantage of the necessities of others.

A friend objects that this is usury, not interest; the difference being that usury is an unfair advantage taken by a monopolist of the victim of monopoly, while interest represents a voluntary contract between two free agents on equal terms, when monopoly is abolished. But since the economist in his study and the man in the street are for once agreed in their meaning, both referring under the term interest to a charge made for the use of capital put by from savings, therefore there is here (as before said) a simple exchange of services, caretaking for use, so that if monopoly were really abolished and both parties were free agents bargaining on equal terms, the one service would pay for the other, and no charge would be made on one side or allowed on the other. In other words, wherever there is interest there is usury in the sense of my friend's definition. Take a somewhat analogous case. Cost of production, measured in labour, determines theoretically, and in the main truly, the exchange value of commodities; it determines how much cloth will exchange for how much wheat,

and how much gold will be required to express the price. But cost of production determines this only by influencing demand and supply, which is the vital factor. If there happens to be more cloth and less wheat than are asked for, the exchange value (and the price which expresses it) of the cloth will fall below, and that of the wheat rise above, the cost of production, for the moment, so that less cloth and more wheat will be produced till the balance is restored.

The temporary scarcity of the wheat confers a temporary monopoly on the holders, and enables them to make a monopoly charge. Now money, under existing circumstances, is always a monopoly in this sense: that is, there are always more people wanting to get money than offering to supply it; therefore, it has always a monopoly value, and the holder can make a special charge for its use, which charge is interest.

But, it is again objected, interest is necessary in order to ensure a full supply of the instruments of production. Is that so?

"If the instrument-maker can expect a price that will only cover his wages of labour, and nothing for interest, he will make so many instruments only as he expects to sell for ready cash; and the many workers who cannot buy, but would gladly borrow, will be left without tools."

There will be no difficulty of the sort. There are three distinct ways at least in which the moneyless workers will be able to get the use of all the instruments they want: (1) The far greater number of the workers are now, and as the organisation of industry improves will increasingly become, subordinates in large undertakings under state, co-operative, or individual direction; no longer underpaid or overworked subordinates, but still subordinates, receiving orders, but receiving also the full productive value of their labour; and the directing agency which employs them will supply them with all

the tools and appliances they require. For the much fewer, but still numerous, workers who wish to work on their own account, but have not ready cash to buy, there will remain the choice between purchase by instalments and hire. (2) Purchase by instalments.—The instrument-makers (a sufficient number of them, at any rate) will always be willing to make for sale on deferred purchase by instalments so long as the sum of the expected instalments will cover the full value of their labour of making plus something extra to compensate them for the inconvenience of having to wait for full payment. But this compensation for inconvenience has nothing to do with that charge for the use of saving, which is called interest; for in this latter there is no inconvenience to compensate. The saver does not want prompt repayment of his savings; he wants the payment to be deferred; he wants his savings kept for him. The inconvenience in his case would be if the borrower did repay him before the appointed time, and so compelled him to seek a fresh investment. (3) Hire.—The man again who cannot buy can hire, and hire is also essentially different from interest, and always so recognised; for which reason the two things are called by different names. Hire is price paid for the use of the instrument itself, continues only so long as the instrument lasts, and diminishes in amount as the instrument wears out and depreciates; while interest is for money value, whether of some particular instrument or not, and is immortal, suffering no diminution as the instrument depreciates, and continuing after the instrument has disappeared.

The maker, say, of a cab will be quite content to make a cab for hire, not for sale, so long as he expects (as before said) to realise by the sum of expected hiring the full value of his labour in making it (including, of course, the labour of providing the materials for it as represented by their price) plus compensation for the inconvenience of deferred payment. So that we need have no fear of a deficient supply of instruments.

On the contrary, the supply will be greatly increased when that overthrow of artificial and privileged monopoly and forcing into use of withheld natural opportunities, which has caused tribute to disappear, has broadened out the whole field of industry and fired the workers with fresh hope and energy.

Assuming, then, that interest has no inherent justification (so to speak), is it morally wrong for the money-lender (the man who wants his savings kept) to demand interest?

His money has, by no act of his, acquired a market value, a tribute-commanding power, over and above its direct purchasing power, and so long as existing conditions continue, that power will cling to it, and if he waives it someone else will get it who has no more right to it than he has. If he refuse to accept interest on his loan, the borrower will be so much the better off, will have that much special advantage over other tradesmen who have to pay interest, and over other workers who cannot get money, but he will pay no higher wages to his employés, no higher price for his goods. Labour as labour will be none the better off; only that borrower as a borrower, whether he be a worker or an idler, a wise user or a reckless waster, will get the benefit of his freedom from interest all the same, but nobody will share it. The money-lender's conscientious disclaimer will have done nothing to force withheld opportunities into use, to widen the field of employment, to raise wages or earnings, or to break the power of the landlord or capitalist; that is, so long as only one or a few money-lenders act in this way. But if *all* tribute were abolished, especially if abolished in the only way in which it really can be abolished, that is, by abolishing landlordism, forcing all natural opportunities into use, and superseding taxation by State rent (the conversion being effected with fair consideration for all claims), then, indeed, parasites and obstructionists having disappeared, what formerly went in tribute will now be added

to earnings, and the worker will get the full fruits of his work.

One curious result of the disappearance of tribute which we may expect to see will be a great development of art. For, suppose I have £1,000 saved which I want kept, but for which I can expect no interest, I may indeed lend it gratis, on good security, and be glad to have it taken care of, but I can do better than that. I can buy some practically indestructible article, such as a diamond necklace for my wife, a noble statue for my hall, or a picture by some eminent artist. I shall thus get a return for my investment not half-yearly, but every time I look at it; the pleasure it will afford me will be of a higher kind than that of mere money-making, and can be shared by all my friends without diminishing my own share, and when I want to realise my savings I have only to sell the article. No doubt the value of my investment may fluctuate, but so do all investments; only this class less than others. The article again may be destroyed or stolen, but, *per contra*, a borrower may go bankrupt or his securities fail; the risk is no greater in one case than in the other, and the money I spend on my purchase goes into circulation and helps to maintain enterprise as truly as if I had invested it on loan, yet without imposing a burden of tribute on anyone; and I help to develop artistic taste in myself, in the worker who produces such articles, and in the public. If I have no artistic taste I can buy something, also practically indestructible, that will afford a return in enjoyment in some way; say, a substantial and commodious stone house. One way or another, I can always get a return in enjoyment of some sort out of my savings without sacrificing them even if I get no interest.

A stranger landing on this planet would suppose that if the rich ceased to demand luxuries the poor would simply produce goods direct for themselves. But they are debarred from this

by the rich owning the land, the source of all industry, and commanding all the requisites of production, so that monopoly forbids them to produce what their poverty forbids them to buy.

Moreover, when interest has to be found for a money-lender or profit for an investor, as well as rent for a landlord, no enterprise can be attempted, however desirable it may be in regard to the satisfaction of human wants, unless it will provide two at least of these forms of tribute, if not all three. So that production is checked further still.

In short, the money savings that are so flourished before us as accumulations of real wealth assisting enterprise are a mere incubus weighing it down; for the more rent and interest and monopoly profit (tribute on investment) there is to be found (and necessarily by the workers), the harder it is for the workers to carry on; for the tradesman to keep his business going; for the farmer to make both ends meet and put his land to full use; for the labourer to find employment; and the more frequently is trade interrupted by failure and insolvencies that spread ruin all around. The way to keep business going at full swing, to stimulate production to the uttermost, to multiply products faster than they can be used up, and so promote accumulation of utilities, is to spend money, not to save it; to keep it circulating without running up a mass of debt against the workers. For consumption calls forth what it consumes; so that though there is less for the moment there is more presently. The passing off of existing supplies is the signal for fresh supplies to come forth. Consumption creates demand, and demand is the voice of the consumer calling for more, a call to which production instantly replies.

Whenever there is a financial crisis, trade depression, checked production, goods unsaleable, labour unemployed and eating its head off in enforced idleness, it is always because some people, somewhere, have stopped spending money; and the

cause of the stoppage (the immediate cause) is that the mass of indebtedness, miscalled savings, has overpassed the power of payment, and the overburdened workers have broken down under it.

It is strange to note the action of our colonial Governments in the great financial trouble that befell us four years ago, and which hardly shows a sign of passing away yet. This depression, of which the breaking of a bank was the first signal (though not the cause, for that lay deeper), shows itself in "scarcity of money."

Unexpected liabilities have fallen upon many, and involve others behind them; and so it goes round. Debtors cannot pay their debts, so creditors' incomes are reduced; goods do not sell, and have to be sacrificed; farmers are crippled for want of means; mines closed for want of funds; sawmills shut up for want of custom; labourers cannot find work; business languishes; production is checked. Yet all the essentials of production are unimpaired. The soil, the minerals, and the timber, the factories, and the fruit trees, are with us still; the workers are as willing, the food and the tools are as abundant, but something seems to have gone wrong with the machinery, the motion of the wheels is checked.

Now when the coach is stuck, we do not take out some of the horses and clap on the drag; we hitch on all the horses we can get and redouble our efforts. But this is exactly what our Government does not do. I am not blaming it. It is the Parliament behind the Government, and the electors behind the Parliament, that are accountable. Still, what the Government does is to take out the horses and clap on the drag, as their means of getting the State coach out of the mud. In other words, it stops all public works, discharges all the men, and "retrenches" every official whom it can possibly do with-

out; and all these willing workers are cast adrift just at the exact moment when even outsiders cannot find employment.

The work that all these men were doing might not have been—was not—absolutely necessary. Most of the work of the world is not; but it was useful work, well worth doing. The railways they were laying, the waterworks they were constructing, the roads they were mending, the plans they were drawing, the accounts they were keeping, the various services they were rendering, were all good and helpful. Now, the men who were doing all these useful things are eating their heads off in idleness, straining the diminished resources of the charitable, losing their skill and getting out of hand in every way, and suffering in their self-respect by receipt of alms, by supercilious treatment, by the consciousness of increasing disreputableness of appearance. The moral loss is the worst of all. It has been said (and I can easily believe it) that once a man has been out of work for a twelvemonth, losing steady and acquiring vagrant habits, accepting charity and rebuff, he is rarely any good afterwards.

Surely when a country is suffering poverty and business stagnates, the way out of it is to produce more wealth, all the wealth we can; to stimulate every industry, call forth every resource. Yet we are doing the reverse. The wonder is that a country that behaves thus ever gets out of its difficulties at all!

"But," pleads the Government, "we cannot help ourselves; we have no money." Well, where is the money? It has not melted; it has not flown to other countries, for these other countries are in the same plight as we are (such crises when they come are pretty universal). Where, then, is the money? It has accumulated in the hands of the savers, whose saving, by rolling up a mass of debt and imposing a crushing tribute, has caused the whole trouble; and still they will not spend, but save all the more.

Tap this reservoir. Tax these unearned incomes, and with the proceeds set the machinery going.

Why is it not done? Ah! that is for the people to answer. It forms no part of our present subject, but raises a different question altogether.

The professed practical man here remarks to me dryly that he has noticed that those who save do well, while the others don't; and that what is good for each must be good for all. True; but there is here a little uncertainty about the "each." Say there is a panic about a bank. Some then rush off and draw out their balance forthwith and secure themselves. This is good for each *of those who do it*, but is it good for *all?* Would it be good for all to do it—or, rather, try to do it? It would simply produce the very calamity that was dreaded; it would break the bank. All *cannot* do it; and those who do ruin those who don't. The case of saving is sufficiently parallel. All *cannot* save, in the sense in which we are considering the practice, and in which the practice is carried out, for it consists in lending instead of spending what is saved. But if all lend where are the borrowers? It is only possible for some to lend on condition that others borrow instead of lending.

If rich A will not buy poor B's goods, what is B to do? His goods being unsaleable and his funds run out, both his capacity and his will to produce more will be impaired, and industry will be checked. He cannot produce more without the means, and why should he produce more when he cannot sell even what he has? Still, he must do something, so he borrows. This starts him afresh, but the assistance is like a glass of brandy to an exhausted man; it is a mere stimulant, enabling him to make a spurt for the moment, but leaving him the more exhausted afterwards. The borrower's market is not widened, his expenses are not lessened, but he has now got a debt added to

his other liabilities, and interest on the top of it. No wonder we have periodical crises, widespread failures, wholesale wipings out of impossible debts.

Why are these things so? Why is it that the poor who perform all the toil that produces all the wealth are dependent on the rich, who for the most part do not toil or produce? That the willing worker may not build his own home, make or procure his own clothes, satisfy his numerous wants—directly or by exchange with his fellow-workers—though the resources of nature, whence all these things are derivable, lie unused all round; the soil untilled, the sites unbuilt on, the minerals unextracted, the opportunities unused? Why are the primary products, those that the earth directly yields, the raw materials of which all the forms of wealth consist, so scarce—the grain and the roots, the flax and the wool, the coal and the iron, the brick and the lime—so that there is a, so to speak, life and death struggle for the privilege of working them up into finished products, mainly for the enrichment of the already rich, the workers receiving little more than their "oats" like the horse? Why should there be any scarcity of these raw materials, any scarcity of employment in working them up, any scarcity of the finished products, or any difficulty to any willing worker in securing them? The opportunities are there, all around unused; Nature is prolific beyond conception, and becoming more so every year as our knowledge of her secrets widens and our appliances multiply. Why should not the earth-tiller and the house-builder, the baker and the tailor, and the producer of every kind, supply each the other's wants by mutual and free exchange?

Because "property has been made to consist not in the products of labour only as it should, but in the opportunities of labour also which it should not; because the land, with all its constituent elements and properties, spontaneous products, advantages and opportunities, as Nature, unassisted by art,

supplies them, has been made an article of commerce to be cut up into square pieces and sold to the highest bidder, and therefore bought up by the rich in any quantity, and unconditionally; and the rich buy it up *as an investment*, that is, not to use, but to prevent anyone else from using except for the highest tribute that can be got out of him for the mere permission to use it, so that the monopolist may live in idleness on the worker's toil; because, in short, the land is bought for obstruction, and obstruction used for extortion (though these, of course, are not the terms applied to the transaction).

Till this great fundamental wrong is remedied; till it is recognised that exclusive occupation of any portion of the earth's surface—of the face of nature—of the common inheritance of all—is granted to secure to the occupier the fruits of his own labour only, not the fruits of other people, and that, only so far as is necessary, on such conditions only as public policy may require, and in such limited area as shall prevent it becoming a monopoly, to the disinheritance of others—these evils will continue. Palliatives may be devised here and there, slight improvement in the condition of the poor may be effected, but the main evils will remain substantially as they are. So long as this system continues, natural action will produce, so to speak, unnatural results; the poor toiler's hardest efforts will not enrich him, while the rich will grow continually richer by mere investment; the poor economiser's most pinching self-denial will not secure him a comfortable provision in the future, while the rich man's profuse extravagance will leave *his* future still safe; labour-saving contrivances, while opening out many fresh fields, will yet carry into every fresh field the power and the tendency of the employer to make a machine do two men's work and cast the odd man adrift, and so help to reduce wages instead of diminishing toil (for, as a great writer has said, all the inventions of the age have not succeeded in lessening the hours

of toil by a single hour); warlike expenditure will not hurt the poor, only diverting to cannon and gunpowder what would otherwise be spent on luxuries in which the poor had no share, and converting into comparatively well-paid and well-fed soldiers men who would otherwise become paupers and blacklegs; in short, helping to keep wages up. Everything (as Mr. Flürschëim has well observed) is turned topsy-turvy under the existing system, that becoming evil which is naturally good, and that good which is naturally evil.

So long as labour is forbidden access to natural opportunities barred by monopolists, the labourer will be at the mercy of the landlord and the capitalist; wages will be determined by cut-throat competition for employment in an overcrowded labour market, instead of by the return obtainable from these natural opportunities. So long as the rich man can with his money buy land which will bring him rent, so long will he insist on interest for loan equal to the rent he could get for the land he might buy. But when once this our own mother earth is recognised as the heritage of the race, not as a monopoly of the landlords, when all natural resources are forced into use and no monopolist may withhold or extort; when work is offering for all and the fruits of work are secured to the worker, then it will not matter whether the rich man spends or saves the money. He will get no tribute on his savings, for interest will disappear with private rent. He will give no added employment by his expenditure, for everyone will find work to do who wants it, and will produce something for himself or for his neighbours if the rich man does not want anything. In short, this treatise will cease to have any practical application. May that good time come quickly.

THE "APPRECIATION OF GOLD."

No I.

It seems to be admitted on all sides that the pound sterling has about twice the purchasing power that it had a generation ago. This fall of prices has been called the appreciation of gold, not the depreciation of goods, because it is supposed to be caused by a growing scarcity of the coin material, gold. I take the liberty to question that, and to offer a different explanation. The scarcity-of-gold explanation has been jumped at partly because it seemed at first glance to many to be the only and obvious solution, and partly because the fall of prices followed soon after the adoption of the gold standard by other countries as well as Great Britain. This, however, is a mere coincidence. What I shall try to show is that it is money as money, not gold as gold that has "appreciated," and that it was inevitable, no matter whether the coin material were gold, silver, or cowries, and whether we had monometallism or bimetallism. The accepted theory is that prices are determined by the amount of coin in circulation; that is, that if there were only half the number of sovereigns in circulation, the amount of business done remaining the same, or if the amount of business were doubled the number of sovereigns remaining the same, the sovereign would appreciate; each sovereign would have to do double duty, and cover twice as much goods, *i.e.*, prices would fall one-half. Conversely if the sovereigns were doubled or the business halved. Well, if the sovereigns have fallen short of requirements, that would explain it. But they

have not. Gold has not, in the period in question, become scarcer, but much more plentiful, relatively to requirements as well as actually.

1. As to Annual Output.—There have in this period been wider and richer gold discoveries than at any former period, Pizzarro's, perhaps, excepted; first in California, later in the Eastern Australian colonies, later still in South Africa and West Australia. At the same time scientific discoveries and mechanical inventions have increased the facilities for working these increasingly abundant deposits. There is now more gold found, and more easily got than at any previous known period.

2. Past Accumulations.—Gold, being at once highly valued and practically indestructible, has in the course of centuries accumulated in private hands for ornamental and other purposes in enormous quantities. The wear and tear for these purposes is so slight that we may almost say we have the whole accumulation of past ages to draw upon if at any time the supply of coin should run short.

3. Hoarding of gold, which in former days was the chief way of accumulating savings, has practically ceased in all civilised and progressive countries, and all these hoards are now added to the available supply.

4. The need for coin does not increase proportionately with increasing business. On the contrary, the more commerce is extended the better it is organised, and the more securely credit is established the less coin is required. The great mass of business is ever-increasingly transacted by cheques, notes, bills of exchange, balancing of contra accounts, and so on, very little coin passing at all, except for petty transactions and odd surpluses. Moreover, the more rapid the circulation the less the coin required proportionately to the business done, the same money, whether in coin or paper, effecting a vast number of successive transactions in the course of the year.

Such being the case, it does not seem possible for the

sovereign to have appreciated through growing scarcity even for the briefest space, much less for a permanence.

It seems as absurd to imagine that sovereigns could become inconveniently scarce so long as the gold of which sovereigns are made existed in abundance, uncoined, in the shape of bullion, plate, ornaments, and so on, as to imagine there could arise an inconvenient scarcity of chairs to sit on so long as the timber of which chairs are made existed in abundance in the shape of logs, sawn timber, superfluous tables, and cupboards, and so on. Given the material, the slightest temporary scarcity of any particular form of it will at once cause enough of the superfluous material to be made into the required form, and restore the deficiency. If coin did begin to fall short of demand, it is the banks that would feel it first; the public could not so long as it could call on a bank to cash its paper; and the bank, finding a scarcity of this coin (a real scarcity of the coin, remember, not a mere entanglement of its business affairs), would either have its bullion at once turned into coin, or if it had no bullion would offer a slight temporary premium for gold, just enough to divert a little more than usual of the ever-incoming supply from the goldsmith to themselves, and so make up the deficiency before the public found out that it existed.

Nor could the sovereign depreciate from over-abundance (except in the same momentary, scarce perceptible manner), because while the use for gold as gold is practically unlimited in extent and variety, coin is restricted to a single use—that of exchange, and for this a certain quantity only is required, an excess being as inconvenient as a deficiency, and the overplus is rejected. No one (except a bank for limited necessary reverses) wants, or will keep, more than a very few sovereigns. If he has £100 coming to him, he would much rather not have it in sovereigns, but paid into his credit at a bank (generally done by a mere written order.) If the sovereigns are forced upon him, he promptly gets rid of them by depositing them in

a bank, and the bank as promptly passes them out to its customers, if they will take them. But they, for the same reasons, will not take more than a few each, so that if there are more than these customers will take, the bank finds itself saddled with a supply of useless gold to be got rid of somehow as may seem best.

It is so much safer and simpler to keep your money in the shape of a credit entry at a bank than in that of a pile of sovereigns in a strong box, and so much easier to write a cheque when you want to make payment than to go to the strong box, that every one adopts the former course. It is only when a man is doubtful whether the cheque offered him will command sovereigns if required, that he refuses the cheque and insists on the sovereigns, and it is only when he is doubtiful whether his bank has got sovereigns enough that he hastens to draw out his balance. Directly he is satisfied that the cheque is "good" and the bank "safe," he prefers the cheque to the coin, and leaves his balance intact. In short, you may almost say that no one ever wants sovereigns except when he cannot get them.

Hence it is no more possible to force more sovereigns into circulation than business requires than to pour more water into a bucket that is already full. Where people persist in coining more sovereigns than are wanted, as at the Sydney and Melbourne mints, the number of sovereigns in circulation does not increase; there are no more sovereigns circulating, in proportion to business done, in Melbourne or Sydney than elsewhere; the overplus "runs over" and disappears somehow.

The supply of coin then accommodates itself to requirements, and any rise or fall of prices cannot therefore be due to scarcity or excess of coin, but to some other cause.

When we hear of quantities of gold lying idle in the banks, this does not imply that so much "capital" cannot find investment; it merely means—

That there is a financial crisis and stagnation of trade, less business being done, and therefore less coin wanted to do it, so that the overplus accumulates in the banks as before stated; and the banks cannot get rid of it, not because substantial borrowers cannot be found, but because they do not choose to take out their loans in that inconvenient shape.

If the bank did lend a borrower 1,000 sovereigns, he would simply and immediately re-deposit them in the bank, and draw on his account, and there is nothing for the bank to do in such case but melt it down, or wait till reviving business requires more coin.

The 1,000 sovereigns, then, are not "idle capital, seeking investment." The sum as a sum has just been lent, and the bank cannot go on lending it over and over again, even though no one will take it out in sovereigns, so that the sovereigns remain on its hands. The sovs. as sovs. are idle, but the capital as capital is fully invested.

The supply of coin then accommodates itself to requirements, instead of exceeding or falling short of them, and so deranging prices. Any rise or fall of prices, then, cannot be due to scarcity or excess of coin, but to some other cause.

No. II.

Prices might fall through discoveries, inventions, and improvements, cheapening production; and, no doubt, many articles have become cheaper from this cause; but it cannot account for that general fall of prices which producers all round complain of. For such improvements act most irregularly, making vast strides along particular lines, and no perceptible advance on others, and the cheapening so produced does not lessen profits or wages. The general all-round and (to the producer) impoverishing fall of prices which we are here dealing with must be due to some wider, more universal

cause. Let it be understood, too, that the general fall referred to does not mean that everything is now cheaper than it was absolutely, for some goods—certain furs, for example—having become more difficult to procure, have actually risen in price. But the general movement affects even these, for though dearer than they were (owing to their growing scarcity), they are not yet so dear as they would have been but for this general fall. No one pursuit, open to all, can ever continue more profitable than another, much less more profitable than all others. Directly it was found to be so, increased competition in that line would soon restore the level. The rise of price in some few articles then merely means their increased cost of production; and the *general* fall of prices means that all things are now cheaper *in comparison with their cost of production;* in other words, that the work of production is worse paid—in money, that is, nominally. I hope to show that it, and all other useful work, is worse paid in money's worth—that is, in reality.

No. III.

The last, and I believe the true, explanation of the fall of prices is what is called over-production, but is really under-consumption, due to the contraction of "effective demand," which again is caused by the present unequal and apparently inequitable apportionment of the annual product (or rather of its value), not of past accumulations, which would not so much matter; those who work hardest, longest, and at the most disagreeable or dangerous work being generally worst paid, and those who do little, often nothing, to further work, having the largest claim on the proceeds. In Tasmania, for instance, in the income tax estimates the farmer's earnings are estimated at half the rent; the man who does nothing to produce the rent receiving twice as much as the man who does.

Hence the many poor cannot buy all they want, and the few rich are increasingly disinclined to buy all they could. Discoveries and inventions have so increased the productiveness of labour that the supply of this "effective demand," limited as it is by poverty at one end, and "saving" at the other, is effected without employing all the workers, whence ensues intense competition amongst the workers for employment, bringing down the price of work and of the products of work.

I use the term "work" rather than the more usual one of "labour," because custom has restricted the term "labour" to the lower, more mechanical, and worst paid form of work, and the reduction of earnings I am referring to applies to all work, whether of the head or hand, whether superior or inferior, whether by employer or employed, whether in trade or the professions.

But if this be so, why has it not happened before?

Well, I give several reasons, closely connected, yet distinct.

(*a.*) Natural resources are now more completely monopolised than they ever were before. The homeless cannot erect a shanty on the most uninviting vacant spot, the labourer cannot put a spade to grow a few vegetables in the most neglected corner, the prospector cannot search for minerals in the wildest mountain range, the villager may not turn his cow on the poorest pasture, the passenger may not take a short cut, the tourist may not quit the high road to admire the scenery, without running up against a landlord who warns him off; old pathways are shut up, the commons have to a great extent been enclosed bit by bit, the very fish in the rivers, the seaweed washed up by the waves, the limpets growing between high and low watermark, are all claimed and barred. In America, though there remain thousands of square miles unused, there is hardly an acre worth having still open to selection. Everywhere the land speculator gets ahead of the landuser, and snaps up the land. One-third of American farmers no longer

own the land they use, but are crushed by rent; another third are mortgaged up to their full value, and are crushed by interest, and the remaining third are fast following the other two. In Australia, as elsewhere, the landowner as distinguished from the landuser, commands the situation more and more. Land wanted for cultivation is kept under sheep on unimproved bush pasture, though farm rents are forced up by the artificial scarcity of farms, so produced till the farmer can barely make both ends meet; and some colonies, with vast areas of good land untouched (but not unmonopolised), and with willing men unemployed, do not raise their own food supply. Tasmania, for instance, imports wheat and oats, butter, bacon, and other products, which she could supply for her own use and for export, abundantly. Mineral lands, again, though reserved from actual sale, are let to dummy companies of mere speculators, who simply sit on them, and keep other people off. And so on with all our natural resources. One after another they are monopolised and in great part kept from use; sometimes from any use, as with the dummy company and the land speculator, but more often merely from the use for which they are most wanted, which is enough to force up the price of all land wanted for such use, and check progress in that particular line.

(*b.*) All the sentiment connected formerly with land ownership and occupation is fast disappearing. The nobleman who clings to his estate because his family has owned it, and the yeoman because his fathers have lived on it for generations, and who take a pride in it, and recognise a duty attached to it, are types unknown in America and the colonies, and fast dying out in England. Everywhere (in Anglo-Saxon communities at any rate) land is coming more and more to be regarded as a mere investment for capital; something to be acquired, not to use, but to prevent other people from using, except for the highest rent that can be squeezed out of them; something

to be bought up at advance price by the rich, who can afford to put up with a small return for a few years, in view of a big profit later as the land value increases, while the real landuser, having to live by his work, requires immediate return for his money (when he has any money), and has, therefore, no chance in the bidding; finally, something which the owner may legitimately put to whatever use, non-use, or misuse, brings him in most money, no matter how much other people may be inconvenienced, natural opportunities held back, and national progress checked.

(c.) Again, the capitalist, in the sense of the moneyed man (the sense universally accepted in the business world), has now more complete command of the whole field of enterprise. Everything is being done on a larger and ever larger scale. The handicraftsman disappears before the factory, the small farms are consolidated into large ones, the universal provider swallows up the shops, the big steamer supersedes the small sailing vessels, the syndicate buys up the surrounding mines, the trust gets control of the whole salt, oil, or fish trade. Everywhere capital, in the sense of money, has full possession, and the man who would start from small beginnings, and work his way up independently, finds no place to make his small beginning. There are no independent openings left anywhere; or, at any rate, they are fast disappearing. Every worker must find an employer, and the employer resolves himself into a money man. The architect and engineer who design, the expert who understands, the organiser who arranges, the overseer who directs, as well as the underlings who obey, are all hired servants, or contractors, or professionals, who receive "current rates" (rates continually cut down by their competition for employment) for their services, but who have no claim on the product. That goes to the man who has merely "put his money" into it, and without doing a hand's turn to the work expects all the annual profit and his whole capital back

at the end. One result of the increasing magnitude of enterprise is the rise of the shareholder. Everything is being done by companies, the owners of the enterprise being a number of people, great and small, who have simply bought up the shares, and not only do none of the actual work, but have practically no more to do with the management than they have with the Solar System. The real worker of every sort is a mere seeker for employment, a competitor for employment, a bringer-down of wages, salaries, fees—earnings of work; while the mere money-owner can grow richer and richer without work, by mere investment and reinvestment.

No. IV.

There is an old saying that "who buys, sells"; that is, that no one can get goods or services without rendering goods or services in return. It is quite false, as everyone knows. All ground rent (amounting to millions per annum) consists in the right to demand goods and services from the landuser for mere permission to use the land, no goods or services being given in return. All fortunes realised by past sales of land consist of money received for mere transfer from an outgoing to an incoming landlord of this right to levy toll upon industry. These fortunes are not converted into coin (so no more coin is required), but are registered as general purchasing power, expressed as State debentures, mortgages, company shares; that is, as a claim for "money lent" (really mere transfers of registered claims), authorising the owner to demand goods and services from the State revenue, the land produce, or the business profit, to the whole capital value at a future date. The interest on these fortunes represents a further separate annual claim for goods and services up to the date named, when the whole capital value is to be returned undiminished.

All these claims and all these incomes represent no goods or

services rendered, either in the present or in the past, by the holders and recipients, or by their predecessors. From first to last they are all pure *Tribute*—that is, a toll levied on industry, as distinguished from *Earnings*, or the reward of work.

All these landlords, fortune-possessors, and interest-receivers, so far as they represent or originate in rent, are pure parasites licensed to live without work, on the earnings of those who do work—to receive without giving—to "buy" without "selling," and every "fall of prices" means a fall of earnings, and a rise of tribute; it means that so much less money will command so much more goods and services; so much more work must be done to pay off so much debt, or realise so much income; so much more of the annual output is diverted from the worker to the non-worker—from "Labour" to "Capital"—from the man who gives work or goods for money to the man who gives money for work or goods. It is these all-devouring claims on the worker that, together with the contraction of effective demand, produces that depreciation of earnings that exhibits itself as lowered prices. The nature of the currency has nothing to do with the matter. It is true that all these claims are payable in gold if demanded, and that if they were so demanded there is not gold enough in the whole world (ready produced) to meet them. Still since, as I have shown, they are not so demanded, the impossibility of meeting them if they were is of no consequence. Perhaps this state of things is all right. Perhaps the money was all honestly earned. Perhaps its tremendous, all-commanding power over land and labour, food and tools, over all the opportunities, requisites, and products of work is a necessary inevitable consequence of its nature. I am not here concerned with that question; I am only concerned with the facts. My subject is the fall of prices, and my business simply to account for it.

This ever-intensifying monopoly of all opportunity for the worker even to maintain, let alone enrich, himself by inde-

pendent direct access to nature drives the worker ever more and more into absolute dependence on the expenditure of the rich in either hiring him to work, or buying the goods which represent his work. If the rich will not spend, then workers cannot find employment, nor goods sell; and just in so far as the rich "save money," just in so far does employment become scarce, and earnings fall, and just in so far does the market for goods become contracted, and prices fall. In short, the fall of prices is merely one way of expressing the fall of earnings.

The moneyed man, or capitalist, as he is called, does not as such supply anything. He does not supply the soil we cultivate, the sites we build on, the minerals we extract, the natural resources of any kind that we put to use. He only buys them up and charges for the use of them. He does not supply the labour that turns these natural resources to use; he only hires it (or worse still, leaves it unhired). He does not supply the food the workers eat, the tools they use, the appliances of any kind that enterprise requires. He only buys these up; or, worse still, leaves them unbought as "overproduced" goods; goods, that is, produced in excess, not of human wants, but of "effective demand"; and as he commands all the requisites of production, he commands as a necessary consequence the products. In short, he supplies nothing, but commands everything. But, it is said, people do not nowadays hoard their savings, but invest them; that is, lend them out at interest for other people to spend, so that the money gets spent all the same. True, it is spent, but not in the way wanted; not in relieving the congestion, but in maintaining it—not in buying the "over-produced" final products, but in advances to the producer to enable him to keep up the "over-production." For example—Capitalist A, with £100 to spare, refuses to buy worker B's £100 worth of unsold goods, and also to buy anything else that B might supply instead, because he wants to

save his money, not to spend it ; but he offers to lend B £100 on security of his plant, to enable him to carry on. How does this mend matters? It does not help B to sell his surplus goods ; it does not reduce the cost of producing them ; it opens out no new prospect ; it only enables B to struggle on a little longer, but under an increased burden of debt. True, the money is spent all the same, and by the same person B, whether he obtains it from A by sale of finished goods or by loan, but the results in the two cases are wide as the poles apart. What was wanting was not the power to produce (that existed already, in excess, as you may say), but the motive, that is, the prospect of selling what was produced, *i.e.*, an effective demand. A's refusal to buy abolishes that effective demand, and his loan does not restore it.

The inability of the poor to buy, and the disinclination of the rich to spend, both alike restrict the field of employment, check production, and lower earnings and prices.

The inability of the poor to buy, which means the low rate of their earnings (caused by land monopoly and money-saving, limiting the demand for work) deprives the workers not only of direct enjoyments, but also of a vast market for their labour and its products. If, say, half the money that now goes in tribute to the non-workers went in wages to the workers, their mutual demand for each other's goods and services would find work for all, abolishing the army of the unemployed and only partially employed (whose cut-throat competition for employment is the chief proximate cause of low wages), and effectually prevent all possibility of "over-production." The goods which are now a "drug in the market" would go off rapidly, and producers start fresh supplies, to be followed by further supplies as these were in turn consumed. Industry would resolve itself all round into a continuous interchange of useful services, and the markets would be far steadier than they are at present, inasmuch as there would no longer be the same pressing

temptation to over-produce in any particular department, and inasmuch as the wants of the poorer classes are less liable to sudden changes of fashion or caprice, and can be pretty accurately calculated in advance.

No. V.

The disinclination of the rich to spend is equally disastrous. Reasonable insurance by money-saving against accident and old age is always good, because, though the "savings" are purely imaginary (since nothing is really "put by" except a claim on somebody else), still it gives security to each individual who saves and averts privation. But every pound "saved" beyond such reasonable insurance simply narrows the area of "effective demand" and checks production. If I refuse to buy my neighbour's goods, not because they are of no use to me, but simply because I want to "save money," then there is nothing really saved in the present, while there will be less produced in the future; consequently a net loss to society. There will be nothing saved in the present, because goods are produced to be consumed, and if not consumed will spoil, so they will be lost equally, whether I (or somebody) do or do not consume them; and surely it is better that they should be usefully or agreeably consumed than that they should spoil.

And there will be less produced in the future, because goods are produced for sale prior to consumption, and if I (or somebody) will not buy them, there is no object in producing them. Even if somebody else buys what I do not, the loss from my saving is not avoided. For evidently in that case there were two people who could buy, he and I; but only one of us did buy, therefore the loss to "effective demand" remains.

"But if low prices are a loss to the producer, they must in the same degree be a gain to the consumer; and as the producer is himself a consumer, must he not gain in

the one capacity exactly what he loses in the other?" Certainly not. Every producer consumes some things, but not all things; often (unfortunately) very few things. On everything that he produces, but does not consume, he suffers the whole loss of a fall of prices. Take the lowest order of producers, the "labouring man." The list of articles which he consumes is of the very shortest. Speaking roughly, 99 out of 100 of the articles that fill the price-lists are things that he never dreams of buying, and every fall of price in any one of these (which is not caused by improvements cheapening production) represents a loss to him as a producer for which he receives no compensation as a consumer. Take now some article which he does consume—say boots—and suppose boots to fall 1s. a pair. Then he loses 1s. on every pair he makes, and gains 1s. on every pair he buys. But as he makes probably 100 pairs for one pair that he buys, he will lose 100s. for every one that he gains.

Of course the figures are only given for illustration, and do not pretend to be exact. My point is the fact of his loss, not its precise magnitude. If there were no mass of ever-accumulating money claims, enabling the owners to receive without giving, to buy without selling—and every purchase resolved itself into an exchange of service, then it would matter little whether prices were high or low, for everyone would gain in one way what he lost in the other. It is the quantity of these accumulated claims that represents the loss to producers through low prices. Every fall of price (not caused by lessened cost of production, measured in labour not wages) benefits the buyer at the expense of the seller—the money-owner at the expense of the producer—the capitalist at the expense of the worker.

Neither the increased consumption of the working masses, nor the increased expenditure of the money-owners would lessen the sum of wealth, but, on the contrary, greatly increase it;

for both would resolve themselves into a productive exchange of services, beneficial all around. The increased consumption of the working masses would create a vast home market, stimulating production in all directions, giving work to all the unemployed, abolishing all chance of "over-production," raising prices and earnings; and the expenditure of the rich would merely mean their exchange of useless "money" (useless so long as unspent) for useful goods or services increasing the sum of wealth or of enjoyment.

Bear ever in mind this golden maxim, that *money spent remains unspent.* Labour may be wasted, goods may be destroyed, but money only changes hands, and is available for spending and re-spending in the new hands, and in any successive number of hands. £100 would suffice to transact all the business of a pretty large and busy community—if only it were kept going; £100 spent 10 times successively by different people in a day would represent 10 pretty large transactions, and would be equivalent to £1,000 spent once in a day, to £7,000 spent once in a week, and to £365,000 spent once in a year, and not even 100 sovereigns, or near it, would be wanted, for the far greater part would be affected by paper exchange and balancing of contra accounts. Increased power of consumption by the masses would benefit all the workers, employers as well as employed, the professional as well as the trading class. The farmer would no longer be in despair what to produce or how to find sale for it, the merchant or shopkeeper to get his goods off, the manufacturer to dispose of his wares. The doctors would find paying patients, the briefless barristers other occupations, the artist, architect, engineer, abundant call for their services. And as for the farmer, rising wages would mean falling rents, so that matter would square itself. The farm that fetches £100 a year when wages are 10s. a week will certainly not fetch that when wages are 20s. The landlord can only get what tenant competition compels. Rent is a

surplus (of a sort), and the heavier the working expenses the less the surplus available for the landlord.

If gold were "over-produced" as goods are, gold would too in its turn depreciate: less goods would exchange for more gold. The price of gold would not fall, but prices of goods would rise. The price of gold cannot vary, because its price is its exchange value as against itself, which must be always the same. An ounce of gold is worth (in round numbers) £4, not by force of any law or custom, but from the simple fact that an ounce of gold will coin into four sovereigns, and four sovereigns melt down into one ounce of gold; because, in short, they are the same thing in different shapes, convertible backwards and forwards at will from one shape to another. Therefore gold will always be worth £4 an ounce, whether it be plentiful or scarce.

But the purchasing power of £4—its exchange value as against goods—may vary to any extent, and will depend on the comparative over or under production of the two things.

The exchange value of the two things (money *v.* goods) being what it is, if at any time the supply of clothes, tools, houses, books, exceeds the demand at the price going, the supply of gold remaining the same, then prices of these goods will fall, the goods will depreciate, the money appreciate. This is what has happened.

My point is, that though the low prices complained of are due to the fact that goods are "over-produced," while gold is not, still this *comparative* under production of gold is not the cause of that trade depression and poverty of work remuneration, which is the real trouble.

Trade depression and poverty of work remuneration would not be alleviated by an over-production of gold, as well as of goods. Prices would, indeed, in that case return to their old level; but this would merely mean that every transaction would be reckoned in higher figures. The difficulty of effecting

any transactions at all would remain as before, so long as that "effective demand," which alone calls forth production, fails as it does now, to represent the voice of human wants calling for their satisfaction, and is a mere artificially contracted "market," limited at one end by the inability of the poor to buy all the goods they want, and at the other by the disinclination of the rich to spend all the money they have.

So-called "over-production," with its consequent low prices and diminished earnings, will continue so long as natural resources are made mere articles of commerce, to be bought up and monopolised by the rich, and used to extort tribute from the workers; and so long as the creditor can refuse to accept payment in goods or services, which are all that the worker can really pay in, and insist on money, which the worker cannot get, for the very reason that the creditor's refusal to buy his goods or services has destroyed their money value.

I put forward these views with great diffidence, thinking merely that I have a sufficiently good case to "bring into court."

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THE END.

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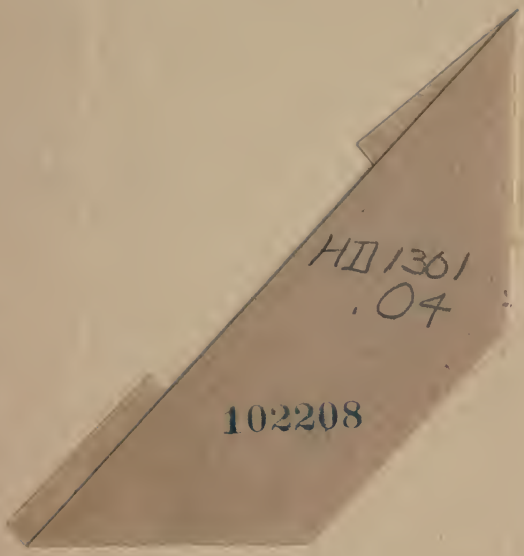
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